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## Shultz Ends Talks In Moscow Without Date for a Summit

By Gary Lee  
and Don Oberdorfer  
*Washington Post Service*

MOSCOW — Two days of Soviet-American meetings ended here Friday night, without the expected announcement of the date for a summit meeting this year in Washington because of last-minute objections by Mikhail S. Gorbachev.

Secretary of State George P. Shultz, who announced the surprising news at the end of the talks, said Mr. Gorbachev "is apparently not yet satisfied, particularly in the area of space and defense," that arms control progress justifies his visit to Washington.

The previous U.S. belief, based on many earlier signals from the Soviet Union, was that agreement on a treaty banning medium- and short-range missiles would be sufficient to justify a summit meeting this year.

Apparently hardening the Kremlin's conditions for a Washington summit meeting, the Soviet foreign minister, Eduard A. Shevardnadze, said Friday night that holding such a meeting would require key provisions for reducing strategic arsenals and strengthening the Anti-Ballistic Missile Treaty of 1972.

In his meeting with Mr. Shultz on Friday, Mr. Gorbachev left a small possibility that he would stick to a U.S.-Soviet agreement made a month ago to hold a summit meeting this fall.

"I am ready to visit the United States," the Soviet press attaché Tess quoted him as saying. "But so far, I am put on my guard by possible results."

Mr. Shevardnadze, in a news conference after Mr. Shultz's, said, "If we get the key provisions, then there will be no problem for a summit and the signing of a treaty on medium- and shorter-range missiles."

Mr. Shevardnadze said that the

gap between the two sides over an intermediate nuclear forces treaty could be resolved "in three weeks" but that the Soviet Union viewed a summit meeting as a forum more for narrowing differences over space and strategic agreements than for signing an accord on medium- and short-range missiles.

He said such an accord could be signed when completed, but added that "the conditions, where and when, that remains to be determined."

There were differences of opinion among the members of Mr. Shultz's negotiating team about why the setback came about and how serious it will turn out to be.

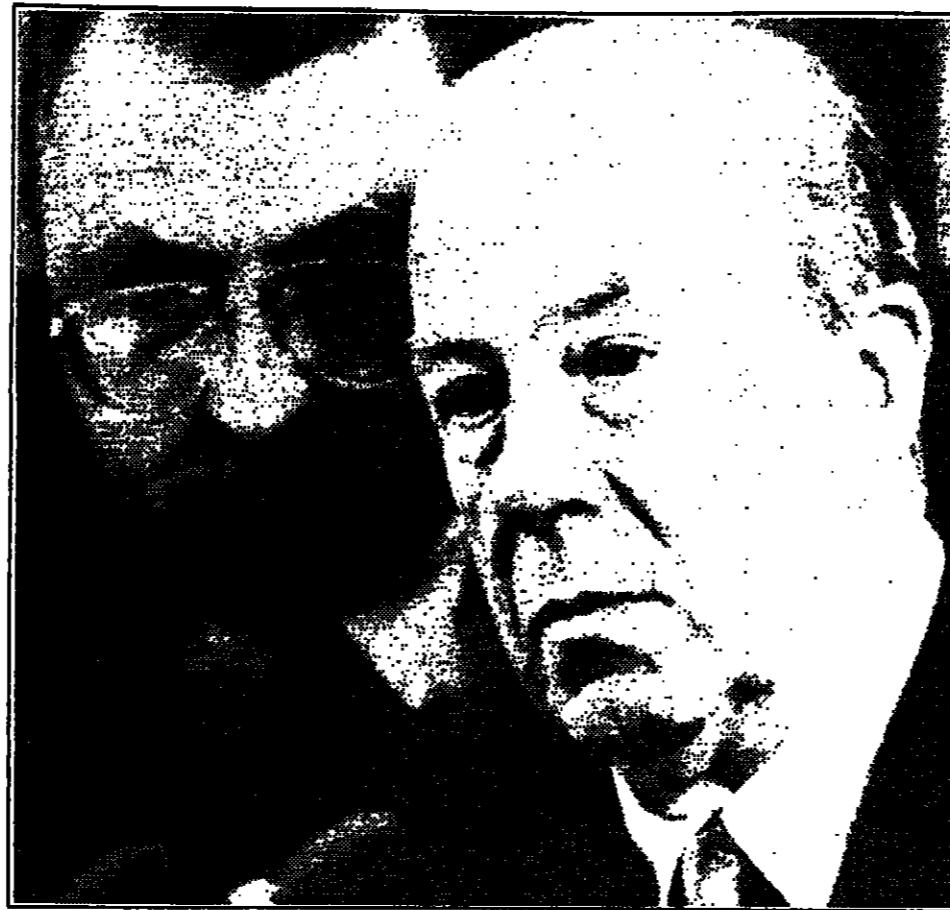
One senior official said the Russians seemed to have hardened their positions in several areas and speculated that Mr. Gorbachev might be facing unexpected domestic pressures. Objections to a summit meeting centering largely on an Intermediate Nuclear Forces accord may have arisen at a Central Committee meeting held suddenly on the eve of Mr. Shultz's visit, the official said.

The prevailing view among Western diplomats based in Moscow, however, was that withholding the summit dates and leaving an intermediate nuclear forces deal in limbo was part of a Gorbachev strategy to put pressure on the Reagan administration into a compromise deal limiting research on space defense.

The Kremlin leader used similar tactics at a summit meeting with Mr. Reagan in Reykjavik, Iceland, a year ago. The meeting eventually broke down without agreement over Mr. Reagan's plans to build a defense shield against nuclear weapons.

In a four-and-a-half-hour meeting at the Kremlin on Friday morning, Mr. Gorbachev told Mr. Shultz

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George P. Shultz with an interpreter during a news conference in Moscow on Friday.

## Reagan Criticizes Congress

Compiled by Our Staff From Dispatches

WASHINGTON — President Ronald Reagan blamed Congress Friday for part of the trading turmoil on Wall Street, shortly after Democratic congressional leaders welcomed his call for talks on reducing the budget deficit.

A prominent Democrat had predicted that an accord would be reached.

"I predict we'll get that agreement," the House Democratic leader, Thomas S. Foley of Washington, said in a broadcast interview.

Mr. Foley also predicted that the agreement would include a tax increase despite Mr. Reagan's refusal at a news conference on Thursday

night to say whether he would drop his opposition to higher taxes.

"Well, I think there will be increases in taxes," Mr. Foley said. "They will not be taxes that harm the economy."

Addressing a jobs conference on Friday, Mr. Reagan said "disrupting signs on Capitol Hill," including a move toward enactment of protectionist trade legislation and out-of-control "deficit spending," had contributed to the volatile market.

Both houses of Congress are controlled by Democrats.

The president, a Republican, said the market gyrations emphasize "the need to send a clear signal

that spending must be restrained."

"I think the market is reacting more to the actions and inactions of the government than the deficit itself," the president said, adding that "those who have to make the decision on whether or not to invest in the future of our economy see some very disturbing signs on Capitol Hill. For one, a dangerously protectionist trade bill is working its way through Congress. If passed, that bill would threaten a spiraling trade war and could very well bring our economic expansion to an end."

Also weakening the dollar was disappointment over a news conference Thursday night by President Ronald Reagan. Analysts complained that he failed to present concrete proposals to trim the U.S. deficits.

Dealers said that both the dollar and the pound were reacting more strongly to events on world stock markets than to "economic fundamentals." They noted that the dollar barely budged, for example, when encouraging reports were released Friday on the U.S. gross national product and the Consumer Price Index.

"At the same time," he said, "we

See REAGAN, Page 2

## World Markets End Worst Week Ever on Note of Exhaustion

After a week of stomach-wrenching downs and ups, the pace of trading on Wall Street on Friday seemed frankly fatigued. Volume levels, which had been three times their usual level, were manageable again. Volatility was less pronounced, too. When the Dow average ended the day up barely a third of a point, the relief was palpable.

But other markets were far less settled. The dollar fell sharply, and selling continued on other exchanges. Traders continued to look over their shoulders at New York, and to wonder what the next week would hold.

### Dollar Falls Sharply Amid Fears on Pact

Reuters

NEW YORK — The dollar retreated sharply Friday in New York and Europe amid rumors that seven leading industrialized nations would meet this weekend to change their so-called Louvre agreement to support exchange rates.

The U.S. Treasury denied the rumors, but the dollar closed in New York at 1,778 Deutsche marks, down nearly 4 pfennigs from Thursday. The hectic trading was a departure from the steady dealings seen in the currency markets since Wall Street's plunge on Monday.

Many dealers dismissed the notion that the Group of Seven nations would meet to lower trading ranges for the dollar. They argued that such a move could only aggravate the turmoil in financial markets.

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Many traders saw room for limited declines in the dollar's value next week. (Page 11)

### Dow Edges Higher; Many Stocks Drop

Compiled by Our Staff From Dispatches

NEW YORK — The Dow Jones industrial average of major U.S. stocks ended its most tumultuous week since the Great Depression with an understandable case of battle fatigue, edging up less than a point on Friday in a shortened trading session.

Overall, however, most American stocks retreated by a decisive margin.

Dealers said that the main factor affecting the day's trading was uncertainty. They said market participants were trying to assess whether and how the White House would act to correct the huge U.S. budget and trade deficits that have undermined investor confidence in economic growth.

"The siege mentality is beginning to lift," said Larry Wachter, an analyst with Prudential Securities. "The market started to become more rational." Late on Thursday, he noted, "when both volume and volatility abated."

The Dow inched up 0.33 point on Friday to 1,950.76. The index has risen 211.9 points since Monday's unprecedented 508-point collapse, but remains 296 points, or 13 percent, below last week's finish.

This week's cumulative fall exceeded the record set one week earlier, when the key index dropped 233 points for a 9.5 percent decline.

Losing issues led gainers by 5 to 3 when the New York Stock Exchange closed at 2 P.M., two hours earlier than usual. Leading U.S. exchanges announced on Thursday that they would close two hours early Friday, Monday and Tuesday to let the financial community catch up on massive backlog of paperwork.

Volume dropped to 246.2 million shares from 392.2 million during Thursday's full-day session.

David S. Ruder, chairman of the Securities and Exchange Commission, hailed the relative calm on Friday as an encouraging sign that "we have seen the worst."

He also disclosed that the NYSE came close to shutting down trading on Tuesday, after Monday's plunge that trimmed about \$50 billion from the value of U.S. stocks.

He said that John J. Phelan Jr., chairman of the exchange, considered temporarily stopping trading just before the Dow started its 103-point rebound on Tuesday. Mr. Ruder said the move was not considered on Monday despite the collapse because market forces were so far out of control that a temporary halt would not have restored order.

At the end of an exhausting week, the focus on

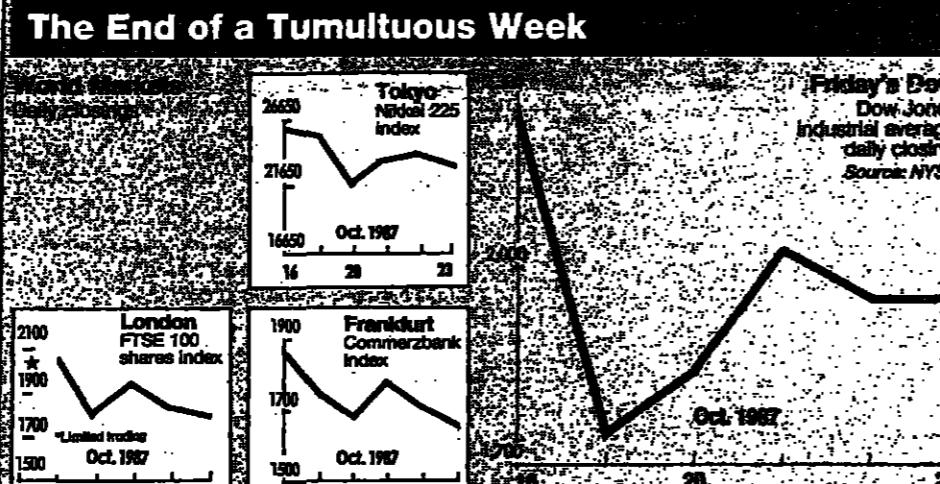
See MARKETS, Page 10

### U.S., U.K. Report Gains In Key Economic Figures

The U.S. economy grew at a robust annual rate of 3.8 percent in the July-September quarter, up from 2.5 percent in the second quarter, the Commerce Department said. The preliminary figure was much higher than average market expectations of a 2.7 percent increase, but does not include the stock market collapse this week that many economists say will reduce future economic growth. (Page 9)

In Britain, major banks cut their base lending rate by half a percentage point to 9.5 percent, after the government announced better-than-expected trade figures for September. Analysts said the trade report bolstered the pound and government bond prices and stock prices steadied after falling to their lowest level since January. (Page 9)

Prices of U.S. government securities, which had surged over the past week as investors sought a haven from falling stock prices worldwide, were unchanged or slightly lower in highly volatile trading as U.S. stock prices began to rally. The credit market lost early gains of more than 2 points, or \$20 for each \$1,000 face amount, that had come on expectations of further declines in U.S. stock prices. (Page 11)



## International Stock Sell-Off Continues

International Herald Tribune

PARIS — Stock prices fell on world exchanges again Friday as investors continued to look over their shoulders at trading in New York.

In Tokyo, traders who were paniced by a 77-point drop in the Dow Jones industrial average on Thursday swamped the stock exchange with sell orders. The market's key indicator, the 225-share Nikkei stock average, lost 1,203.23 points — its second-largest one-day decline — to close at 2,301.22.

Share prices on the London Stock Exchange fell sharply but later steadied after major British banks cut their interest rates.

The Financial Times-Stock Exchange 100-share index, which was down 86.9 points at one point, closed with a 38-point loss, at 1,795.20. The 2.07-percent decline

followed a drop of 110.6 points, or 5.7 percent, on Thursday.

Prices also fell in France, Italy, Australia, South Africa, Singapore and Taiwan.

Investors have become very anxious about the U.S. economy. Kazuhiro Nakamura of Wako Securities in Tokyo told the Associated Press.

"There is a very shaky situation in all the stock exchanges in the world," said Hisamichi Sawa, research director at Prudential-Bache Securities Far East in Tokyo.

In Paris, stocks ended the week narrowly lower after a series of abrupt swings on the Bourse. The general indicator closed with a 0.75-percent retreat, and declining issues outnumbered advances, 114 to 80. Trading was heavy and forced traders to work about 60 minutes beyond the closing bell.

"Everyone is nervous," Mr. Nakamura said. "It will take a long time for the market to stabilize."

Traders said there was fear that Mr. Reagan and Congress would fail to act decisively to correct the federal budget deficit, trade deficit and long-term U.S. debt that many believe are main causes of the market's anxiety.

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Wall Street traders check overhead monitors in a volatile market on Friday.

## Moscow and Budapest Face Up to Harsher Economic Realities

### In Soviet Union, Fears of Rising Prices for Basic Goods

By Celestine Bohlen  
*Washington Post Service*

MOSCOW — No sooner had Mikhail S. Gorbachev finished a televised speech about food prices than the telephone rang in a young working woman's Moscow apartment.

"Don't worry," said her mother. "I have plenty of meat in the freezer for all of us."

The reaction was not uncommon: Of all the economic changes under discussion in the Soviet Union, price reform has evoked the quickest response and the greatest anxiety among the public.

People were concerned about price increases before Mr. Gorbachev raised the subject in the Arctic city of Murmansk earlier this month. The Soviet leader said it was a question he heard wherever he went.

But since the speech, apparently intended as reassurance, the level of worry seems to have risen. There is no visible hoarding, but rumors of imminent price increases are rife. The government newspaper Izvestia printed one reader's comment that Mr. Gorbachev's remarks were "an alarming symptom of isolation from real life."

So far, two and a half years into the Gorbachev era, much of the Soviet public has not seen any tangible benefits from perestroika, or restructuring

### In Hungary, Unemployment and Income Tax

By Henry Kamm  
*New York Times Service*

BUDAPEST — The Hungarian leadership deserves the Nobel Prize for chemistry this year, goes a current joke in this capital, which has long sublimated anger and anguish in bitter quips. The leadership has created a compound of Ethiopian wages and Swedish taxes.

In a Communist country where the subject has never before come up, the principal topic of conversation is income tax. Starting Jan. 1, Hungarian workers will have to bear a burden that until now in the Soviet bloc has largely been paid by employers.

A second novelty that 1988 will introduce is substantial unemployment. Mihaly Kupa, head of the Finance Ministry's new secretariat for tax reform, said in an interview that 200,000 Hungarians can expect to be laid off when money-losing state enterprises are disbanded next year.

In addition, he said, a major revamping of the country's oversized administration will send many others — the number cannot yet be estimated — in search of new jobs. Hungary's labor force is 4.9 million.

These innovations come at a time of increasing hardship for the 10 million citizens of Hungary,

which has considered itself the most comfortable country in Eastern Europe since it embarked on its own brand of communism two decades ago.</p

## In Jaffna, Uncertainty Rules

### Indian Claims of Success Against Tamils Are Contradicted

By Steven R. Weisman  
New York Times Service

COLOMBO, Sri Lanka — Nearly two weeks after Indian troops began their assault on a Tamil rebel stronghold in Sri Lanka, accounts about the operation have become contradictory, uncertain and confused.

Despite statements by India that the operation is achieving military success, there is growing evidence that the operation has failed in areas claimed to have been secured.

Although India continues to assert that civilian casualties have been minimal, Tamil moderates who do not sympathize with the guerrillas say civilian casualties are high.

Questions about the siege of the northern city of Jaffna are being raised almost daily by various Tamil spokesmen, some Sri Lankan officials, witnesses and some journalists, despite regular Indian briefings.

Accounts of the fighting cannot be verified because the Sri Lankan government and Indian Army authorities have barred reporters from the battle locations.

Thus it has been impossible to ascertain independently the number of casualties, of refugees or even the number of Tamils fighting. No one is sure where the guerrilla leaders are. There have also been several unofficial reports that a negotiated settlement might be imminent, but no such agreement has materialized.

"As of now, the Indian Army assault is causing more problems than it is solving," said Neelan Tiruchelvam, a moderate Tamil leader. "India is risking the alienation

of the moderate Tamils who enthusiastically supported the Indo-Sri Lanka accord." He was referring to the July 29 agreement that called for the introduction of Indian troops to disarm the Tamil rebels.

Tamil claims have been contradictory. Two days ago, a spokesman in London for the Liberation Tigers of Tamil Eelam, the guerrilla separatist group, circulated a letter from 14 Jaffna civil servants saying that 700 civilians had died. But Thursday, Tamil representatives said the number was actually 200.

Recently, Tamil spokesmen have said that Jaffna was nearly deserted. But other Tamil reports say thousands of refugees have been streaming into the city.

India asserted Thursday that 129 of its troops had been killed and 383 wounded since the battle for Jaffna began. Tamil representatives say the figure is much higher.

India has declined to estimate the number of civilian casualties.

Laxmi Puri, the Indian spokeswoman, said Indian troops had gained control over "large sections" of Jaffna, and she pointed to an area in the south and west of roughly 40 percent of the city.

But Tamil leaders in Colombo

#### 25 Tamils Die as Boat Sinks

*The Associated Press*

COLOMBO, Sri Lanka — A boat carrying an estimated 25 Tamil pilgrims capsized during a storm, killing at least 19, the police said Friday. The accident occurred about 125 miles (200 kilometers) east of Colombo. The police said the Tamils had been celebrating the Hindu holiday of Deepavali, the festival of lights.

#### TALKS: Shultz Ends Talks Without Date for a Summit

(Continued from Page 1) that he would be sending a letter to Mr. Reagan.

In the letter, Mr. Gorbachev plans to outline new Soviet proposals to reduce strategic weapons and Moscow's position on limiting space research and appeal for a similar outline of Mr. Reagan's personal views on the subjects. Mr. Shevardnadze said Friday night.

Both sides reported success in resolving a dispute over the West German-based Pershing 1A mis-

siles and considerable progress in narrowing other differences over an Intermediate Nuclear Forces accord. The main outstanding obstacle is over the terms of verifying the gradual elimination of the missiles, U.S. and Soviet officials said.

Apparently in an attempt to put the Intermediate Nuclear Forces accord within close grasp, Mr. Gorbachev on Friday proposed a ban of Nov. 1 on the production, testing and deployment of all medium- and shorter-range nuclear ar-

es.

Despite the concessions, Mr. Shultz and Mr. Shevardnadze, who appeared in consecutive news conferences on the same stage, both said that the key difference between the two sides was over the anti-ballistic missiles and both depicted the dispute as significant.

Signed by both countries in 1972, the treaty establishes the terms under which research on space-based weapons can be conducted.

#### ■ U.S. Questions Stance

The White House spokesman, Martin Fitzwater, said Friday that Mr. Gorbachev's reluctance to hold a summit meeting with Mr. Reagan "raises a lot of hard questions about his intentions and purposes," The Associated Press reported from Washington.

Mr. Fitzwater spoke with reporters after Mr. Shultz announced in Moscow that Mr. Gorbachev said he was not prepared to visit the United States soon unless Washington changed its stand on the Strategic Defense Initiative.

A second question will ask if voters are for "the Polish model of profound democratization of political life."

The vote in the legislature, the Sejm, represented the first step by the government of General Wojciech Jaruzelski in its drive to implement a major economic and political reform program announced earlier this month.

The legislation also established the framework for what officials say will be an intensive effort to

A RARE PUBLIC MOMENT IN A LONG PRIVATE STRUGGLE A MOMENT OF RECOGNITION, OF RESOLVE TO REACH FOR MORE OMEGA FOR ALL YOUR SIGNIFICANT MOMENTS.



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SITDOWN STRIKE IN SEOUL — South Korean riot policemen moving in to remove protesters from a sidewalk in Seoul on Friday. About 300 demonstrators, government employees who were dismissed in 1980 for political reasons, want to be reinstated.

## Weinberger Sees a Long Stay in Gulf

By Molly Moore  
*Washington Post Service*

WASHINGTON — Defense Secretary Caspar W. Weinberger said Friday that the United States and its allies might have to send even more military forces to the Gulf "if the situation continues" and warned that American forces would not be reduced substantially until the Gulf War ends.

Pentagon officials, meanwhile, said that the newest addition to the U.S. military in the Gulf was a team of five trained bottle-nosed dolphins requested by the U.S. commander there.

Mr. Weinberger, appearing before the Senate Foreign Relations Committee, waffled on U.S. policies for protecting commercial shipping in the Gulf.

He first told senators that naval escorts would provide protection for any U.S.-owned ship, even those flying flags of other nations. But he later said that those vessels would be given military protection only if they flew the American flag.

He also said that U.S. military forces would respond to requests for assistance from any ship attacked in the Gulf, but that is to specify what type of help the military would give, saying he wants to keep the details out of Iranian hands.

A Pentagon official later said Mr. Weinberger was referring to "humanitarian" not military, aid.

Speaking of the U.S. and its allies, Mr. Weinberger said, "If the situation continues, we all may have to do more."

Asked when the U.S. military would be able to reduce its forces there, he said, "At least not until stability returns, and that is most likely to occur when the war ends."

Sources said the trained dolphins would be used for mine-hunting and detection of underwater divers.

They said the dolphins, who will be housed in shipboard tanks, were sent to the Gulf to "add a measure of security" to U.S. forces as well as to test the dolphins in a "realistic environment."

Enterprises have been ordered to

raise their workers' pay as of Jan. 1 to compensate approximately for the taxes that they, rather than their employers, will have to pay.

Taxes on company profits will drop to about 70 percent.

Mr. Kupu said that next year's average earnings, adjusted for tax purposes, will amount to 76,250 francs (\$11,500). The tax bite will be about 8 percent, with no deductions for the first two children. The value-added tax, a levy on each product at each stage of transformation, will take a further 8 percent, Mr. Kupu added.

The new law will also increase the taxes of people holding second and third jobs, a practice of about a fifth of the working population.

Until now, they were taxed only on their extra earnings. Starting next year, the wages from their principal jobs will be added to taxable income. Taxes in the top brackets will be 60 percent.

Mr. Kupu said the government had reached the politically difficult decision to apply strictly the bankruptcy law adopted last year, which will put about 200,000 people out of work.

"This is difficult because the political leadership still advertises full employment," Mr. Kupu said. The government will provide job retraining to those dismissed.

But placing them in new jobs will be difficult, he said. Labor mobility is low, because most Hungarian families include more than one wage-earner.

## HUNGARY: Joblessness and Tax

(Continued from Page 1)

raise their workers' pay as of Jan. 1 to compensate approximately for the taxes that they, rather than their employers, will have to pay.

"A measuring rod for economic clear-sightedness, for a uniform estimation for economic organizations is missing," he said. A redistribution of taxation is expected to provide the means by which the government can distinguish between successful and lagging enterprises.

"We have been taxing efficient enterprises and subsidizing the inefficient," Mr. Kupu said. "All our efforts now are designed to create autonomous enterprises that will not be reduced substantially until the Gulf War ends."

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## PRICES: Soviets Feel Threatened

(Continued from Page 1)

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## WORLD BRIEFS

### Shiites, Palestinians Clash in Lebanon

BEIRUT (Reuters) — Shiite Moslem and Palestinian fighters battled with rockets and machine guns in Beirut and southern Lebanon on Friday after two Palestinian gunmen were killed in overnight battles, the police said.

They said the rival groups fought with anti-tank weapons, rockets and machine guns around the Chatila camp in southern Beirut and the Ain al-Hilweh camp near the port of Sidon. The clashes subsided at dawn.

Palestinian sources said one guerrilla was killed in Chatila and another was killed in Ain al-Hilweh before the violence cooled to sporadic sniper fire. No reports of any casualties among members of the Shiite Amal militia were available. Both sides agreed to a Syrian-sponsored truce last month, but the accord was not implemented because of differences over the withdrawal of about 3,000 guerrillas from areas near Sidon.

### Philippine Military Gains a Pay Raise

MANILA (Reuters) — The Philippine Congress substantially raised pay for the military and set up penalties for corrupt government officials in passing a number of bills on Friday.

Working to beat a weekend deadline before a two-week recess, the Senate raised the basic pay of officers and soldiers in an attempt to improve relations with the military establishment. The highest-ranked general's monthly pay will be increased to \$530 from \$357 a month, and that of a private to \$48 from \$23 a month.

An ethics bill called on government workers to "lead modest lives appropriate to their positions and income." It provided maximum penalties of five years' imprisonment and a \$240 fine. The House of Representatives, after an all-night session, approved an \$8.6 billion national budget for 1988.

### 1,099 New AIDS Cases in 2 Weeks

GENEVA (Reuters) — The number of AIDS cases reported around the world rose by 1,099 in the past two weeks, the World Health Organization said Friday.

It said a total of 62,445 cases of acquired immune deficiency syndrome had been recorded in 126 countries up to Oct. 21, compared with 61,346 in 124 countries on Oct. 7.

The United States, which has the highest individual total, reported 172 new cases, raising its tally to 42,354. Brazil was second with 2,013 cases, an increase of 318 since its last report in April. France, with 1,980 cases, had the highest total in Europe.

### Karpov Defeats Kasparov in Game 5

SEVILLE, Spain (Reuters) — Anatoly Karpov, the challenger, took the lead in the world chess championship on Friday with a victory over Garry Kasparov, the champion, in the fifth game.

Mr. Kasparov resigned after 38 moves. The victory put Mr. Karpov, 36, ahead for the second time in the 24-game match, which he now leads by a score of 3-2 with two victories, one loss and two draws.

"Victory will go to the first player to score 12 and one-half points or win six games. In the event of a 12-12 tie, Mr. Kasparov, as champion, would retain the title. The next game is scheduled for Monday."

### GAME 5

#### GRUENFELD DEFENSE, EXCHANGE VARIATION

White	Black	White	Black	White	Black
Karpov	Kasparov				
<th

estinians Clash in Lebanon

## AMERICAN TOPICS

## Proposal for \$1 Coin Draws Scant Support

The recent call for a new \$1 coin bearing a likeness of Christopher Columbus has drawn little enthusiasm. The Washington Post reports. Opponents say the call comes mainly from copper-producing states and vending-machine interests.

Curtis A. Prins, staff director of the House Consumer Affairs and Coinage Subcommittee, says: "If you talk about taking the dollar bill out of circulation, you are going to see the American public rise up. We have not received a single letter from any plain, ordinary American who wants a change."

The Coin Coalition, which backs the Columbus coin, says that "just as with Uniform Product Codes and the recent extension of daylight-saving time, a major educational campaign is required."

Donna Pope, director of the U.S. Mint, says the proposal is "under study."

## Short Takes

Los Angeles has rescinded its decision, made a week earlier, to adopt a year-round schedule for its 618 schools and 592,000 pupils. The Board of Education will hold four months of public hearings and make a final decision on March 1. The reversal follows more than two years of debate, and rekindles an argument between affluent areas where schools are not overcrowded, and which oppose a year-round schedule, and inner-city areas that already run year-round. Inner-city residents say a uniform schedule would mean more nearly equal treatment for all schoolchildren.

The U.S. Navy Memorial has been dedicated in Washington nearly 200 years after Pierre L'Enfant first suggested the idea in his plan for the capital. The \$12 million project was financed entirely by 84,000 private contributors. It features a 100-foot (30-meter) circular plaza laid out as a map of the world, an amphitheater and a seven-foot bronze "Lone Sailor" in a windblown pea jacket.

Vice President George Bush has occasioned much humorous comment for saying that he did poorly in the Iowa Republican



The Associated Press

Douglas Youngs stands beneath his vintage airplane, perched where it landed after a bizarre, pilotless flight.

straw vote last month because his supporters were golfing, attending an air show, high school reunions or "their daughters' coming-out parties," debutantes being rare in Iowa. None of that for Representative Jack F. Kemp. His campaign press secretary, John Buckley, said, "We would have done better at the straw poll but Jack Kemp's supporters were watching football, grilling cheeseburgers at bowling tournaments and cleaning their guns."

Thomas Wolfe, the author who wrote of a Hudson River that "takes the thunder of fast trains and throws a handful of lost echoes at the hills," now has a railroad car bearing his name half a century after his death. The Hudson commuter line running from New York City to Poughkeepsie has named railroad cars for two other authors who wrote about the river, John Cheever and Washington Irving.

—ARTHUR HIGBEE

## Anti-Noriega Protest Fails to Win Support

By Lindsey Gruson

New York Times Service

PANAMA — The government of General Manuel Antonio Noriega has won a major test of strength as a protest march and general strike here failed to attract support.

Western diplomats said dis-

content with General Noriega re-

mained widespread. But so far, at

least, the opposition has been un-

able to focus the dissatisfaction.

The opposition, which is seeking

to overthrow General Noriega, had

said the protest Thursday would be

a major showdown — "the begin-

ning of the end" — and a demon-

stration of its strength.

But fewer than 40 demonstra-

tors attended the march. They dis-

persed quickly in the face of riot

troops.

In one incident, two soldiers

kicked down the door of the Chi-

ose Embassy, where a protester

had taken refuge. Witnesses said

the embassy had refused to surren-

der the man.

A few shops in the central busi-

ness district closed for the day and

bolted up their windows. But not

many ignored calls from protest or-

ganizers to close.

"We're at a very low point," said

one leader of the opposition, a co-

alition of more than 100 business

and professional groups. "We need

violence to revitalise."

"We've been too nice," said an-

other opposition leader, noting that

## U.S. Official Assails Congress For Move to Cut Pakistan Aid

New York Times Service

WASHINGTON — A senior State Department official has asked Congress to renew aid to Pakistan over the next six years. But in Congress, an amendment has been proposed that would end U.S. aid unless the president certifies that Pakistan is not producing enriched uranium.

"We think it would be extremely risky to legislate an explicit linkage between Pakistani compliance and continuation of U.S. assistance," Mr. Kennedy said.

Mr. Kennedy asserted that the fact that Pakistan had not yet built and tested a nuclear device reflected his concerns that such an action would end American aid.

But Mr. Kennedy also appeared to publicly confirm for the first time intelligence reports suggesting that Pakistan has violated its public and private assurances that its uranium is not being enriched to levels that exceed 5 percent.

"We're trying to get it down," Mr. Kennedy said, referring to Pakistan's program to enrich uranium.

For six years, Pakistan had been exempt from a law barring U.S. assistance to countries that import material to develop nuclear weapons and reprocessing international nuclear safeguards. But that waiver expired last month and assistance to Pakistan has been temporarily suspend-

ed. The campaign has tried to harness popular discontent by turning the protests into a personal drive against General Noriega. It has portrayed him as a despot and has called for his removal, an investigation of accusations against him and free elections to restore civilian rule.

But General Noriega has deflected the criticism. He has solidified his support in the Panama Defense Forces by doubling its size and putting senior officers in charge of dozens of lucrative enterprises.

That prompted a government

crackdown that confirmed. Opposition groups said that at least 16 organizers were arrested in the last few days. Other activists have disappeared or have been detained, along with passersby and nearly a dozen U.S. servicemen.

Many leaders of the opposition coalition, known as the National Civic Crusade, have fled the country. Others are in hiding.

The government has closed four independent newspapers and two radio stations and has hampered television stations with threats of prosecution.

The opposition is keeping the movement will throw up a leader," a Western diplomat said as he watched the abortive protest Thursday. "But it hasn't happened so far. There still isn't a rallying cry."

"We're at a very low point," said one leader of the opposition, a coalition of more than 100 business and professional groups. "We need violence to revitalise."

"We've been too nice," said another opposition leader, noting that

the administration of President Ronald Reagan has proposed \$4 billion in military and economic aid to Pakistan over the next six years. But in Congress, an amendment has been proposed that would end U.S. aid unless the president certifies that Pakistan is not producing enriched uranium.

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## 3 Americans Held in Plot To Sell Data To Moscow

The Associated Press

SAN JOSE, California — An alleged plot to sell the Kremlin computer technology that could have helped destroy incoming U.S. missiles has been broken up by U.S. Customs Service officials.

The agency arrested three men Thursday and recovered stolen computer designs that allegedly were to be turned over to the Soviet Union in return for \$4 million.

The plot involved meetings between the head of the Soviet space agency and Charles McVey, 57, a former fugitive who was indicted in 1984 for export violations and is being held in a Vancouver jail, according to Quint Villanueva, commissioner of the customs office for the Pacific region.

Mr. Villanueva identified the Soviet official as Roald Sagayev, whom he also described as an adviser to the Soviet leader, Mikhail Gorbachev, on President Ronald Reagan's program for a space-based missile defense system.

"It makes us feel good we stopped this stuff from leaving the United States," said Rollin B. Klink, head of the Customs office in San Francisco. "It would have severely damaged our military."

The designs, stolen from Saxon Computer Corp. and recovered by the Federal Bureau of Investigation, could be used to build one of the most powerful supercomputers in the world, capable of a billion computations per second, company officials said. Saxon is based in Sunnyvale, just north of San Jose.

Mr. Villanueva said, "The technology would have given the Soviet Union the capability to develop a supercomputer which, in the event of war, could anticipate American missile strikes, allowing the Soviets to neutralize them."

The three men arrested Thursday were Ivan Batinic, 29, of Fremont, California, a former Saxon engineer; his brother, Steven; and Kevin E. Anderson, 36, a software designer also from Fremont.

The three are believed to have conspired with Mr. McVey who, before his detention in Vancouver, had been on the Customs Service's 10 Most Wanted list of high-technology smugglers.

Mr. Anderson was held without bond on a charge of conspiracy to violate export laws, a crime punishable by 10 years in prison and a \$250,000 fine.

The Batinics were each held on \$100,000 bond on one count of conspiracy and one count of interstate transport of stolen property.

## China Criticizes U.S. Over Export Curb

By Edward A. Gargan

New York Times Service

BEIJING — China said Friday that the U.S. decision to curb the export of some high technology products to China was "not reasonable."

The decision by the United States signaled a souring in relations between the two countries, according to some senior Western diplomats in Beijing.

Already, China has reacted heatedly to a recent Senate resolution criticizing Beijing's policies toward Tibet and Deng Xiaoping, the senior Chinese leader, has accused several U.S. congressmen of "ignorance and arrogance" for their views on Tibet.

Nonetheless, the U.S. Embassy has made a great effort to portray the high tech decision as a relatively minor issue and to suggest that

China's reaction to the State Department action was contained in a dispatch issued by the government.

Silkworms his country had were not Chinese. "There is no connection in this regard with the Chinese government," he said.

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controlled Xinhua press agency in Beijing.

"Observers here," the news agency said, "believe that it is not reasonable at all for the United States to halt the review of relaxing controls of high tech exports to China in the pretext of mounting tension in the Gulf."

For several months, the United States has strongly protested to Beijing over the sale of Silkworms to Iran.

For its part, China has consistently denied that it has sold such missiles, or indeed any military equipment, to Tehran.

However, the Wall Street Journal reported Thursday that the Reagan administration has shown Chinese officials photographs of Chinese weapons being loaded in Iran and unloaded in Iran.

■ Convoy Passes Strait

A convoy of refloated Kuwaiti

tankers and U.S. warships safely passed through the Strait of Hormuz on Thursday in the first escort since American warships destroyed an Iranian oil platform. United Press International reported from Manama, Bahrain.

In another development, President Ronald Reagan warned Iran on Thursday that the United States would retaliate for "provocative acts against us or anyone else" in the Gulf, but said he did not foresee U.S.-Iranian clashes that would lead to war.

The inclusion of "anyone else" appeared to be a mistaken expansion on U.S. policy. The Reagan administration recently underscored the limitations of its policy in the Gulf when it told American owners of tankers flying flags of convenience that U.S. naval protection would not be extended to their vessels.

## Civilian Satellite Details Soviet Laser Site

By William J. Broad

New York Times Service

NEW YORK — A giant military laser station under construction atop a mountain in the Soviet Union has been photographed by private cameras in space, providing military experts with their first glimpse of the top-secret site.

The existence of the station has been publicly known in the West for more than a year, and the United States government has scrutinized it repeatedly in top-secret photographs taken by spy satellites.

They show a sprawling mountain complex, clearly not meant for civilian observatory work, that is replete with roads, buildings, laboratories and a battery of 10 domes to hold lasers and tracking telescopes.

The site, 7,600 feet above sea level about 30 miles southeast of Dushanbe, the capital of the Tajikistan Republic, is surrounded by double fences and is linked by power lines to the 2,700-megawatt Nurek hydroelectric plant, one of the Soviet Union's largest, which is about nine miles to the northeast.

It appears to be larger and more elaborate than any comparable facility in the West," said John E. Pike, head of space policy for the Federation of American Scientists, based in Washington. "Whether or not this facility will be capable of shooting down satellites or 'star wars,' it most certainly is developing the kind of technology that would eventually be able to do so."

Peter D. Zimmerman, a physicist with the Carnegie Endowment in Washington, said: "It clearly has a military mission. The question is what that mission is. I'm not convinced it's offensive. It might be for tracking satellites or weapons research."

If even more powerful than that, the lasers might be able to destroy incoming missiles and warheads, making the facility a violation of the 1972 anti-ballistic missile treaty.

The photographs were issued

Thursday by a Swedish company, Space Media Network, which markets satellite images to news organizations.

Experts who examined the photographs said the Soviet site was clearly for military lasers. The question, they said, is whether the lasers are for research or could prove strong enough to damage space satellites and the rudimentary space-based weapons envisioned by President Ronald Reagan for the first phase of his Strategic Defense Initiative, or "star wars."

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■ Paris Man Loses Hand In Package Bomb Blast

The Associated Press

PARIS — A package bomb exploded at the apartment of an



## 5 Soviet Generals Die in Helicopter Crash

Reuters

MOSCOW — The Soviet press reported Friday that five Soviet generals died in a helicopter crash earlier in the week in one of the worst accidents to strike the country's military leadership.

The armed forces newspaper *Krasnaya Zvezda* said the crash occurred Monday. Separate obituaries said each man died "in an aviation catastrophe on Oct. 19 while fulfilling his official duties."

The dead included a senior general staff officer, the chief of staff of Soviet forces based in Hungary and the deputy communications chief of the Soviet armed forces.

Two general staff officers whose names were not described and the deaths of military officers.

helicopter's two-man crew also died.

The newspaper did not give the location or cause of the accident, but the fact that it reported the generals' death in an air crash marked a notable departure from the traditional secrecy surrounding military affairs in the Soviet Union.

"This is a good example of *glasnost* inside the military," a Western defense attaché said, referring to the openness policy of Mikhail S. Gorbachev, the Soviet leader.

The attaché said he did not know of any previous accidents that had caused such a high toll among senior officers. In the past, the Soviet press has provided scant details, if any, of accidents involving the deaths of military officers.

Western military analysts speculated that the crash may have occurred in the thick fog that has shrouded the Moscow area since Sunday. They said the generals may have been on a Warsaw Pact inspection tour.

Colonel General Vladimir Shustov, 63, was the highest ranking of those killed. A World War II veteran, he had served since 1975 as deputy chief of the Armed Forces General Staff Chief Directorate, which handles major staff policy.

Major General Erikin Porfir'yev, 51, was a career field officer who had recently been appointed chief of staff of the Southern Group of Forces based in Hungary. His post was not given.

Major General Vladimir Bardashhevsky, 49, was recently assigned to the general staff. His post was not given.

Although he was outranked by

two lieutenant generals killed in the crash, his obituary followed that of General Shustov — a sign that he may have been due for promotion, analysts said.

Lieutenant General Yuri Ryabinin, 53, held a post on the general staff, *Krasnaya Zvezda* said, without giving details. He previously had served as a field officer.

Lieutenant General Kirill Trofimov, 66, rose through the Defense Ministry's administrative hierarchy and since 1977 had served as the military's deputy chief of communications.

Major General Vladimir Bardashhevsky, 49, was recently assigned to the general staff. His post was not given.

## Andre N. Kolmogorov, 84, Founder Of Probability Theory, Dies in Russia

By James Gleick

New York Times Service

NEW YORK — Andrei N. Kolmogorov, 84, the founder of modern probability theory and one of the most eminent mathematicians of the century, died in Moscow on Tuesday, Tass reported.

Mr. Kolmogorov's contributions to mathematics in a career that spanned two generations were recognized by honors both in the Soviet Union and internationally. An obituary signed by Mikhail S. Gor-

bachev, the Soviet leader, declared Wednesday that his life "represented an incomparable feat for science."

Mr. Kolmogorov left his mark on many areas of mathematics. He developed an early theory for the flow of energy in turbulent fluids. He introduced the mathematical concept of entropy as a measure of disorder, an idea that now plays an important role in information theory.

But his greatest single achievement was in turning ideas of chance and probability into a rigorous mathematical system in the 1930s. "He was one of the greatest mathematicians," said Peter Lax of the Courant Institute of Mathematics at New York University. "He was to probability theory what Euclid was to geometry."

As Euclid did in geometry, Mr. Kolmogorov built up a system of axioms, or fundamental principles, from which complex notions could be derived. His probability theory — described by a younger colleague as the "New Testament" of mathematics — remains central to day.

Born in Tambov in central Russia in 1903, he attended Moscow University and became a professor there at the age of 28. He continued to serve in its administration and on its faculty until his death.

As a member of the Soviet Academy of Sciences and chairman of the academy's committee on mathematical education, he played a central role in overhauling the teaching of mathematics in the Soviet Union in the 1960s.

Notions of randomness and predictability, order and disorder, are a constant current through Mr. Kolmogorov's work on a range of problems. As a result, his contribu-

tions to mathematics often spilled over into physics.

In the 1940s, he created a powerful technique for using probability to make predictions in the face of randomness, on the basis of a series of observations. The technique was applied to a wide range of systems, such as the problem of landing an airplane on an aircraft carrier bobbing in the sea, calculating ahead of time what its likely position would be.

Ho Ying-chin, 97, Chinese Nationalist Leader

NEW YORK (NYT) — General

Ho Ying-chin, 97, a former defense minister in the Chinese Nationalist government who served briefly as prime minister in 1949 before defeat on the mainland by the Communist revolution, died of heart and lung failure Wednesday in Tai-

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## ARTS / LEISURE

## Over-Produced Opera

By Henry Pleasants

LONDON — The extent to which opera has come to be dominated by the producer rather than by singers or the conductor, or even the composer, has been vividly, if hardly enjoyably, demonstrated in three new productions ushering in the new season.

Within a span of four days we had Nigel Osborne's "The Electrification of the Soviet Union" by the Touring Company at Glyndebourne, staged by Peter Sellars; a new "Werther" by the English National Opera at the Coliseum, staged by Keith Warner, and a new "Marriage of Figaro" by the Royal Opera at Covent Garden, staged by Johannes Schaaf.

Attention centered, inevitably, on Osborne's work, not only because it is a new opera rather than the restaging of an old one, but also because it marked the British debut of Sellars, an American already known by reputation for having set "Così Fan Tutte" in a diner, "Don Giovanni" in an urban slum and Handel's "Julius Caesar" around the Beirut Hilton's swimming pool.

Well, he puts "The Electrification of the Soviet Union" right where Craig Kaine's libretto, based on a novel by Boris Pasternak, says it is, immediately pre- and post-revolutionary Russia, and gives us a kaleidoscopic, surrealistic view of individual torment in the face of social, political and economic turbulence.

It is a virtuoso accomplishment, eventually defeated by its own unceasing, self-indulgent, self-conscious virtuosity. Everything is overdone, overdrawn, overwrought, frenetic. The unrelenting

intensity becomes tedious, and the constant sudden shifting of time and locale, between 1914 and 1920 and between Siberia and Moscow, becomes confusing. As Sellars himself has said, with characteristic hyperbole, "it is extremely impossible to follow. You just have to relax and not worry about not understanding it." Thank you very much!

What is most striking about this evening in an opera house is the way in which Sellars, with an electric, inoffensive, but rather inarticulate score obscuring too much of the text, emerges for better or worse as the actual creative source of the whole enterprise. As such he had exemplary support from the young cast and the London Stanfords under Elgar Howarth. The production now goes on tour, and is scheduled for inclusion in the repertoire for next summer's Glyndebourne Festival.

When the new ENO "Werther" opened with, during the overture, Charlotte, still in mourning dress, coming downstage to place lilies on her mother's grave, we had a plain enough hint of what lay in store: a funeral, stygian "Werther," Stefanos Lazaridis's set is a black box. Everyone is clothed in black. The Magistrate's neighbors, Schmidt and Johann, are grave diggers.

Keith Warner's approach is what might be called "expressionistic," focusing with spotlights on the triangle at the core of the tale and obliterating (almost) the bucolic domestic background against which the tragedy unfolds. That background, with its essential elements of Werther setting, color and contrast, and enlivening domestic

musically, again, all is in good order, with Bernard Haitink, in his first new production as musical director, getting the most from excellent orchestra in support of Claudio Desderi in the title role. Thomas Allen as the Count, Marie McLaughlin as Susanna, Karita Mattila as the Countess and Stella Kleindienst as Cherubino. But where have all the appoggiaturas gone?

I missed a new production of Bizet's "The Pearl Fishers" at the Coliseum, but am happy to pass on a comment by Malcolm Hayes in the Sunday Telegraph: "Knowing what some of ENO's producers can get up to, it's worth sounding a fanfare in Philip Prowse's direction for his decision to set the opera among pearl fishers in the 19th-century Ceylon rather than among drug-runners in the 20th-century Caribbean."

"Werther" Oct. 23, 28, Nov. 2 and 7; "The Marriage of Figaro" Oct. 22, 27, 29, 31, Nov. 2 and 4.

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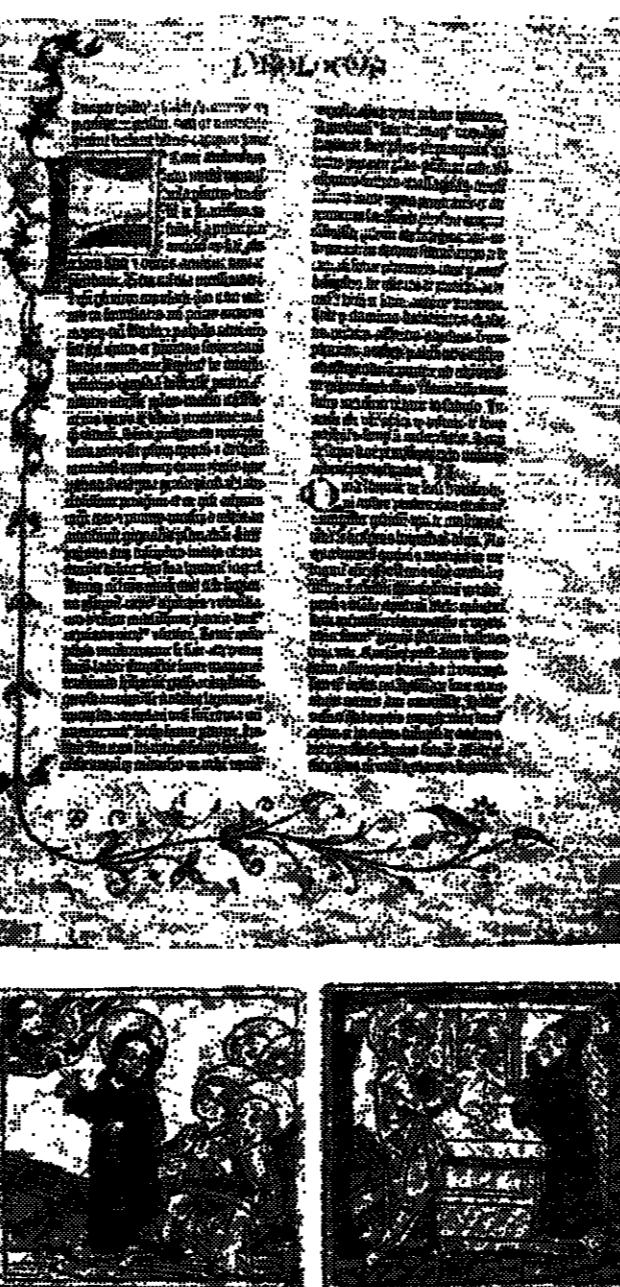
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A page from the Gutenberg Bible, and below, woodcuts from the German Plenarium of 1478.

## Joseph Brodsky's Poetry May Appear in Russia

By Bill Keller

New York Times Service

MOSCOW — The Soviet magazine Novy Mir is negotiating to publish the works of Joseph Brodsky, an exiled Soviet-born poet who won the Nobel Prize for Literature on Thursday, a government spokesman said Thursday.

Gennadi I. Gerasimov, the Foreign Ministry spokesman, said the award to the sharp critic of Soviet power showed the "somewhat strange" taste of the Nobel committee, but said he hoped it would draw attention to Russian poetry of this century. The Nobel award was not reported Thursday night on the main television news program or by the Soviet news agency Tass.

Brodsky, 47, spent 18 months in a labor camp for "parasitism" after the government accused him of posing as a poet without adequate academic credentials. He was ordered to apply to emigrate in 1972, and is an American citizen.

His poetry and essays are well known among the Soviet intelligentsia, but only a handful of his works have been published in the Soviet press. He did his most prolific writing as an exile and, like most exiles, is treated as a non-person in the Soviet Union.

Gerasimov, who was asked about the award Thursday night at a news conference reporting on talks between Secretary of State George P. Shultz and the Soviet foreign minister, Eduard A. Shevardnadze, provided no details of Novy Mir's plans.

Novy Mir has a reputation for publishing provocative work. It was the magazine where Alexander I. Solzhenitsyn published "One Day in the Life of Ivan Denisovich" in 1962, and, in 1968, it is to serialize Boris Pasternak's "Dr. Zhivago."

## Big Business as Usual In the Art Market

International Herald Tribune

THE auction markets have been reacting with remarkable cool to the chaos on the world's stock exchanges.

In New York, as Sotheby's and Christie's held their traditional fall sales of important gems on Tuesday and Wednesday, respectively, records numbed as if nothing had happened. In Sotheby's \$26.7 million sale, the Porter Rhodes diamond of D color, VS 1, weighing 54.99 carats, briefly was the world's second most expensive white diamond ever as London dealer Laurence Graff paid \$3,850,000 for it. At one time, the Porter Rhodes belonged to the Maharajah of Indore and later passed through the hands of Harry Winston. This gave it an aura, partly making up for a cladding effect in the stone, known in the diamond trade as "graining." Graff is believed by professionals to have been buying it for stock.

The next day, Christie's took over with a \$23.6 million auction which made history when a 64.83-carat diamond went up to \$6,380,000. This figure makes it the world's most expensive stone in any category. It leaves far behind the Polar Star, a 41.28-carat diamond which was sold at Christie's in Geneva for \$5,086,000 on Nov. 19, 1980. The \$6.3 million diamond was bought by Lisa Moussault of the London Hilton Jewellers, bidding on the telephone from London.

Other records set during the two days confirmed the strength of the market. At Sotheby's, a 10.07-carat blue diamond fetched \$2.2 million. At \$21,800 per carat, this more than doubled the previous record price, \$10,500 per carat, established at Christie's in Geneva in November 1984. The blue diamond was acquired by Theodore Horowitz, the Geneva dealer who had already established a record this year when he paid \$880,000 for a 0.95-carat red diamond sold at Christie's in February.

François Curiel, Christie's executive vice president and the world's leading auction-house expert on gems, says that the sustained level of buying is an even more telling sign of the healthy state of the market than the record prices paid for unique gems. He cites a ruby ring consigned for sale at the 11th hour with a 6.9-carat Burma gem, sold for \$176,000 and a pear-shaped diamond of D color, flawless, which went up to \$70,000 — \$45,000 per carat is a standard wholesome price, just what I would have expected before Black Monday," Curiel said. Curiel noted that both houses registered the same success rate — 75 percent.

Where stones failed to sell, most professionals agreed, this was due to overpricing and correspondingly exaggerated reserves. Sotheby's supposed star piece, for example, a 35-carat diamond, D flawless, was bought at \$2 million. According to trade rumors, the reserve stood at \$85,000 per carat, when a realistic price would have been closer to \$23,650.

On Thursday, the market was subjected to yet another kind of a test — at the top end. The occasion was the sale of a collection of 15th century printed books formed by the late Estelle Dohany of Los Angeles. Dohany's books, bequeathed to St. John's Seminary at Camarillo,

California, as part of the Edward Lawrence Dohany memorial library, are being sold by Christie's in a series of sales in New York at the request of the Archdiocese of Los Angeles. The collection had been completed 40 years ago and its appearance on the market totally unexpected, created a sensation. Most remarkable was the copy of Volume One of the Gutenberg Bible. This is the first edition of the Vulgate Bible which was printed in 1454. The initials are exquisitely illuminated with formal and floral motifs, obviously the work of an artist from the Rhine valley, possibly from Mainz. The chances of acquiring a copy of what is in effect the earliest substantial book ever printed in the west are, if not nil, extremely slight. Only two other copies remain in private hands. This one is considered by specialists to be supremely well preserved. The paper and printing were characterized as crisp. The original binding has survived, which is not the case with the majority of existing copies. In short, this is an icon of the western book. Within five minutes it shot up to \$5,390,000 paid by the Maruzen Co., the Tokyo publishing house. The identity of the bidder, who was operating via a London dealer, Thomas Schuster, remains unknown.

The parallel with the fate of van Gogh's "Sunflowers" sold for £24.75 million (about \$40 million) to a Japanese insurance company is striking. There is one big difference however. When the van Gogh was sold on March 30 there had been no crash, just ever soaring share prices.

The prices that followed the Gutenberg Bible may be less impressive in size but they are of even greater significance in terms of market response. The two volume Biblia Latina, or fourth edition of the Vulgate Bible printed in Mainz in 1462 went up to \$715,000. The first edition of the enlarged recension of St. Jerome's letters and pamphlets, "The Epistolae," printed in Mainz in 1470, rose to \$1,045,000, 50 percent over the high estimate quoted by Christie's. In short, the sale which totaled \$13.6 million could not have gone better.

Right now on the art market it is business as usual from top to bottom and across the board.

## DOONESBURY

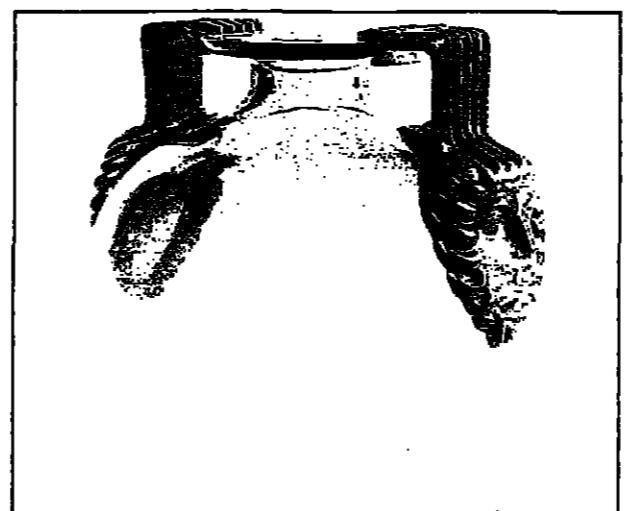


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# THE GERMAN ART MARKET

## Old Masters and New Business

TWO decades of post-war struggle, followed by a revival of interest in the late 60s, have left the German art market in good shape.

Dealers and auctioneers are seeing a new generation of buyers emerge, yet the market remains as decentralized as the country's political system. Four distinct regions each boast their own major annual art fair, auction houses, galleries and dealers.

The North (Hamburg, Bremen, Lübeck, Kiel & Hanover) has been traditionally subject to Anglo-Saxon and Scandinavian artistic influences. To coincide with its famous industrial fair in Spring (the "Hannover Messe"), Hanover hosts an attractive antiques fair in Schloss Herrenhausen.

Among those present at the 1987 Fair last March: Kad Verdenbach, a well-known prints and drawings dealer from Frankfurt; Neuhaus of Würzburg; Xaver Schweidwimmer (old masters) and Herbert M. Riner (silver and decorative arts) of Munich; and catalog editor Thomas Le Claire of Hamburg, a young specialist in old master drawings.

The West (Nord Rhine-Westphalia, Baden-Württemberg and the western part of Hesse: Düsseldorf, Cologne, Frankfurt, Heidelberg, Stuttgart) has always been influenced by its neighbors: Netherlands, Belgium and France. The wide-ranging "Westdeutsche Kunstmesse" is held alternately in Düsseldorf and Cologne just prior to the Hannover Fair each spring. Prices are highly competitive when compared to those in London, Paris or New York.

The South (Munich, Augsburg, Würzburg and the Bodensee area) has some cultural ties with France but artistic taste remains closer to that of Italy and Austria. This weekend the "Münchner Antiquitätenmesse" opens its doors for the 32nd time, making it Germany's longest-established art fair.

Over 150 dealers, many from



Above, view of exhibition hall in the Orangerie of Berlin. Right, bust of Julius Caesar by Muskat shown by Galerie Neuse.

southern Germany, will be participating in one of the most prestigious events in the German art calendar. Among the top-ranking specialists present: Munich's Arnoldi Lüdic (old master drawings), Julius Böhler (old masters and furniture), Helmuth Seing (silver), Heinz Reichert (porcelain and faience), Robert Wölfe (old books and prints) and Eberhard Hermann (antique carpets); Albrecht Neuhaus (French furniture) of Würzburg; and Galerie Neuse (silver and decorative arts) of Bremen.

Berlin's checkered, cosmopolitan 750-year history has resulted in a unique artistic style. Unfortunately, due to its post-war isolation, the city has struggled to regain its former art-market importance. Berlin's "Orangerie" Fair is Germany's newest and was held in September for only the sixth time. Unlike other fairs it is organized by the participants themselves. Around 100 dealers, headed by Bernd Schulz (President of the Berlin Art & Antique Association), have rapidly established its international credentials.

The oldest and possibly finest of Germany's 25 major auction houses, Lempertz of Cologne, has belonged to the Hanseatic family since 1870. Its 40 experts cover a vast artistic spectrum.

Other well-known auctioneers include Neumeister's, Ruef and Kettner (Munich), Nagel (Stuttgart), Hauswedell & Nolte (Hamburg) and the Villa Gisebach (opened in Berlin 18 months ago). But plenty of



Porcelain couple in Ludwigsburg. Dr. F. Nagel, Stuttgart.

Deutsche Dagmar Fleischmann (Munich), a dealer in 19th/20th century watercolors, drawings and sculptures.

"We've always done business with international clients," adds Mr. Schweidwimmer, an old master specialist from Munich. Collectors come from far and wide to admire — and buy — his Dutch Masters. "Our prices must be reasonable to satisfy our German clients. This makes us highly competitive in international markets."

"Modern art is still what counts," asserts Mr. Paffrath, a Düsseldorf specialist in 19th century art whose gallery has been in the family since 1887. "But more and more buyers are looking back to the 19th century and old masters." The number of new dealers in these fields lends weight to his claim.

Art historian Sabrina Förster recently opened an old master gallery in Düsseldorf and travels widely — mainly in Italy and the Netherlands — to hunt out new pictures. Both Förster and G.C. Boemer (Düsseldorf and New York), an internationally renowned dealer in old master drawings and fine prints, detect

increasing demand among young buyers.

One dissenting voice in the chorus of artistic optimism is that of Dr. Fritz Conzen, a major figure in the German art world. Conzen possesses one of Germany's leading collections of frames, runs a framing business and owns a number of art and antique shops. He criticizes German dealers as "parochial" and deplores the "lack of help and understanding" displayed by federal authorities.

Yet most of his colleagues consider the German market to be in good shape, internationally competitive and on line for an even better future. One promising sign: next spring, New York's Metropolitan Museum will be opening a wing devoted to German furniture and decorative arts. German dealers are naturally hoping to reap commercial benefit. As Würzburg's Albrecht Neuhaus puts it: "This should attract new trade to the German market and do wonders for the reputation — and value — of German arts and crafts."

This advertising section was written by Roswitha Erblyk.

## Contemporary Cologne

Young Artists' Sponsorship Program. Each of the 17 artists, all aged under 35, has been assigned his own stand. The program has already helped artists such as Ina Barfuss, Thomas Schütte and Jan Voss have achieve international acclaim.

Foreign dealers — Americans excepted — have been a regular presence over recent years. "If German buyers are convinced that an artist is or soon will be famous, they don't worry too much about the price," comments one French dealer, adding that: "In Cologne you meet a wide

variety of people, including collectors and museum curators you don't see in Paris or Basel. Collectors visit the fair to check out the German dealers who don't exhibit abroad."

Twenty years ago no one could have foreseen Art Cologne's current success. In 1966, 18 German galleries founded the Association of Progressive German Art Dealers with the aim of promoting the "Avant-Garde" in Germany. They refused to admit foreign members, fearing competition from international dealers. When their first fair was organized in Cologne in

1967 — the first modern art fair in the world — they exhibited 600 paintings, drawings, sculptures and objects by 500 artists from Germany and abroad.

The event was an immediate success and in 1968 — worried about competition from the nearby Düsseldorf Fair — Art Cologne invited several prominent foreign guests: Denise René (Paris), Feigen and Castelli (New York), dell'Arte (Milan) and Rowan London.

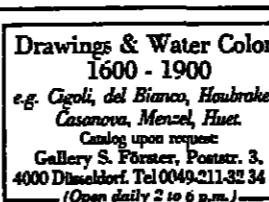
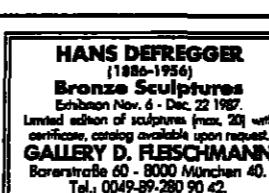
Art Cologne has come a long way since then. It finally

threw off the Düsseldorf challenge in 1983, when members of the Federal Galleries' Association voted three to one in favor of Cologne as the better fair venue.

Works by over 1,300 artists are now exhibited annually and sales of up to one million DM have been recorded. Leading prices last year included 700,000 DM (\$390,000) for a painting by E.L. Kirchner, 300,000 DM for a Beuys and 100,000 DM for a painting by Riopelle.

Art Cologne is open daily 11 a.m. - 8 p.m. Entrance fee

12 DM. For hotel reservations, contact the Cologne Tourist Office (telephone: 221 33 451 telex: 8883421).



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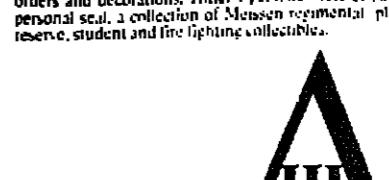
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# INTERNATIONAL Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Agree on Defense Steps

Technology is America's strong suit in countering Soviet military might. Nowhere is that strength more evident than in the esoteric new devices being developed under the Strategic Defense Initiative, like sensors, nuclear-directed energy weapons and free-electron lasers. The White House is eager to deploy a missile defense system as soon as possible. But that purpose defeats two goals — building a more effective system later, and reaching agreement to reduce offensive missiles with the Soviet Union now. Both goals can be maintained by agreeing to forgo deployment for at least 10 years, and by following up a recent Soviet proposal to negotiate limits on the scale of "star wars" tests.

President Reagan is fast running out of time to achieve agreement on strategic arms. The tragedy is that he does not seem to understand that it is possible to devise limits on testing of defensive systems that would permit orderly development of the technology. And the immediate gain would be the first deep cuts in long-range nuclear forces.

There is no way the Russians will agree to reductions if they fear that their remaining offensive missiles will be negated by an imminent American defense system. Apprehensions will be acute if they judge that system too half-baked to resist an initial attack, but possibly effective against a ragged Soviet retaliation — in other words, as the shield to accompany an American first strike. Moscow may also fear the use of space-based weapons as part of a first strike.

To foster an arms reduction deal, the ad-

ministration has agreed to build no defenses for about five to seven years. But the Anti-Ballistic Missile Treaty of 1972 is being eroded by accelerated development and testing of various star wars devices. Instead of unilaterally testing devices that almost certainly violate the treaty, Mr. Reagan could first negotiate with the Russians on what tests would be allowed, as the treaty requires.

The two sides could set physical limits on the size of mirrors, lasers and other anti-missile devices. These would permit developmental models but prevent testing of full-scale components. They would not impede a robust research program.

The administration protests that such limits would be unenforceable. But the Russians have recently accepted on-site inspection. Another objection is that negotiating such parameters would require intolerable Soviet intrusion into American research programs. But in fact the Pentagon already observes limits of its own making. And Mr. Reagan has often pledged to share the fruits of star wars technology with Moscow.

Without new agreement, the ABM treaty and the principle of mutual deterrence will continue to be eaten away by the Pentagon's testing program. It is hard to escape the conclusion that this is precisely the administration's goal. Surely everyone would like to escape the terror on which mutual deterrence depends, but to attempt the escape without real prospects of a near-perfect defense can only add to competition and dangers.

— THE NEW YORK TIMES.

## COCOM Needs to Focus

Toshiba and Kongsberg, it now appears, are not the only foreign manufacturers to have violated the embargo on strategic technology for the Soviet Union. Dozens of computer-controlled milling machines were evidently sold to the Soviets by Europeans, including French and West German companies. These cases have come to light in the investigations that the Japanese and, especially, the Norwegian police have been pursuing. All the NATO countries plus Japan belong to the Coordinating Committee for Multilateral Export Controls, COCOM, which is supposed to run the embargo. It seems that many of its members have not been taking their obligations very seriously.

The remedy is not merely to berate them. The United States has contributed to this general lack of regard for COCOM rules. Over the years it has tried to extend the export rules to too many kinds of goods, some widely available even in countries outside COCOM. By its constant attempts to extend the export control net too widely, to include much that obviously cannot be controlled and much that is of only marginal importance, the United States has given the whole system a reputation for being overblown and unworkable. In that atmosphere,

— THE WASHINGTON POST.

## New York Takes Stock

New York City is a capital of world finance, and this week it has become a capital of financial trauma. How will the fallout affect New York and other cities where financial services play a big role in local spending and taxing? Common sense dictates serious local planning for the worst, even as federal officials wrestle with the budget and international trade issues.

In New York, the securities industry and supporting fields like printing, accounting and legal services employ some 250,000 people. They are some of the most highly paid in town. The average salary on Wall Street last year was \$65,000 before bonuses and other perks, compared with an average of \$19,000 for all other city industries.

Even before Black Monday, Wall Street's high times had begun to fade. Such major league brokers like Salomon Brothers and Kidder Peabody were already planning to retreat, while Paine Webber and Dreyfus are moving jobs out of town. The events of this week portend an acceleration of those trends, and powerfully threaten the city's real estate development boom. The jolt to the local economy could be devastating. Financial services and real estate contribute \$21 billion annually to the city payroll, more than 25 percent of the total.

— THE NEW YORK TIMES.

## Other Comment

### Reagan Provokes Skepticism

Too often disappointed in the past, and still traumatized by this week's collapse, the markets have reacted skeptically [to President Reagan's press conference]. Any budget compromise seems far off, and its scope questionable in a presidential campaign period. Tokyo was the first financial center to react to Mr. Reagan's words — with a 5 percent drop. Pledges and conciliatory gestures won't do. The operators want action.

— *Le Monde (Paris)*.

### The Party Congress in China

China's momentous 13th party congress, due to open on Sunday, is expected to decide the issue of who will at last take over from octogenarian leader Deng Xiaoping and his elderly colleagues. It could also set policy trends for the next few years by taking deci-

sions on reforms which, once made public before the assembled delegates, would be awkward to undo. Certain to be discussed is the question of political reform. This is not political in the Western sense, since it will not deal with changes in the system but simply with proposals to separate party and government functions and the need to insist on higher qualifications for party members.

This is a far cry from the days of 1986 when real moves toward cutting party power were discussed in the press. Compromise will probably be the keynote of the congress, the wallpaper behind which the old arguments will rage. A balance between conservatives and reformers should at least allow the present very gradual move toward modernization to continue. But an appearance of unity should not deceive the onlooker into thinking that all the old battles about how far and fast China should change are finally over.

— *The Financial Times (London)*.

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## United Nations: Working Together at Last?

By Lincoln P. Bloomfield

CAMBRIDGE, Massachusetts — Moscow's decision to put its United Nations dues follows Mikhail Gorbachev's extraordinary call for wider use of United Nations forces in "ceasefires and armistice agreements." This apparent change in policy comes at a moment when America is engaged in dangerous do-it-yourself peacekeeping in the Gulf. And it can supply the occasion for a long-needed recalibration of how the United States should approach global problems that it cannot handle alone.

In the 1940s and '50s, the Soviet Union was an embattled minority in the United Nations, spouting propaganda and blocking constructive efforts toward peacekeeping and peacemaking. In the 1960s and '70s, as the UN population tripled with 100 newly independent states, the United States would up on the short end of lopsided votes.

For Americans disillusioned with one-sided majorities on Middle East issues, politicization of the UN technical agencies and a double moral standard toward the superpowers, a backlash was predictable, culminating in the 1980s in an assault on the very notion of parliamentary diplomacy.

But politics in the United Nations changed, too. Overwhelming majorities, for example, have condemned the Soviet invasion of Afghanistan and Iranian hostage-taking. America-bashing has diminished and pragmatism has increased in the specialized agencies.

Soviet motivations are unknowable. But America's should be clear. The costs of directly intervening in ambiguous local wars are becoming excessively high for both superpowers. Simple logic commands a new superpower approach toward conflict-prone regions of marginal inter-

est. The same logic indicates a revived UN role aimed at containing local conflicts.

The ultimately tragic "do-it-yourself" peacekeeping mission in Beirut like the unclaimed taking of sides in the Iran-Iraq war zone, violated a cardinal rule of diplomacy: "Never get between a dog and a lampost." In Lebanon, America should be working toward an international corridor sanitare and national reconstruction. In the Gulf, well conceived strategic doctrine would

give U.S. and other warships an additional blue flag symbolic of a neutral peacekeeping mission.

It has always been true that the United Nations machinery can work only when the superpowers agree. Moscow's positive words — assuming there is substance behind them — could spur a carefully thought United States strategy.

The writer, who has served with the U.S. State Department and the National Security Council, is professor of political science at the Massachusetts Institute of Technology. He contributed this comment to The New York Times.

### The Powers' New Harmony Is on Trial in the Gulf

UNLESS Iran and Iraq heed the repeated demands of the United Nations Security Council for a cease-fire, a cruel war, with all its destabilizing effects, will drag on. That could imperil the newfound "working unity" of the five permanent members of the Security Council.

For lack of an adequate response to its first cease-fire demand, the council had to decide between tougher measures and continued diplomatic efforts. It chose the latter course. An arms embargo and a UN naval force have been mentioned, but opinions differ between the permanent and non-permanent members. In any case, according to Resolution 598 of last July 20, a cease-fire is "a first step toward a negotiated settlement." That means political and diplomatic methods.

So the council acted wisely on Sept. 25 when it asked the secretary-general to consult with the two parties on the establishment of an impartial body to determine the causes of the conflict.

It happened that the foreign ministers of the permanent members were in New York at the time. The U.S. and Soviet ministers had just reached agreement in principle on a treaty for nuclear arms reduction and were anxious not to disturb the spirit of compromise. On Oct. 15, Secretary-General Javier Pérez de Cuellar obtained the council's backing for his plan to have the cease-fire take effect on the same day — no more than 15 days distant — as an impartial body was to start looking into the question of the responsibility for the conflict. Again, the council acted in unity, with firmness and flexibility.

The coming days may be critical. Mr. Pérez de Cuellar needs support. What is also needed is sustained and coordinated pressure from the permanent members until the cease-fire is achieved.

— *Eugene Chodorkovsky*, a Soviet citizen living in the West and a former senior United Nations official, commenting in a personal capacity.

## Solutions To the Pain Are Ready

By Flora Lewis

PARIS — There was no lack of warning, and not just from Cassandra, but also from serious, knowledgeable people.

Last year, high-ranking government officials, bankers and economists at an Aspen Institute meeting in Venice produced a very gloomy consensus; several even said they hoped for a sudden crisis to shock governments into doing what all knew had to be done. Nearly two years ago, the New York financier Felix Rohatyn said, "I am frightened and utterly baffled." What he sniffed in the air, he said, was "1928-29 fever."

Now the crisis has come in the stock markets. If any further proof were needed that financial markets have been "globalized," it is in the chain reaction that swept through every financial center around the world in less than 24 hours. The question has to be whether those with responsibility are at last prepared to take the necessary concerted measures to stem the damage and prevent the losses from spreading through the banking system and the world's economy.

There is a tendency to blame the United States for its long failure to deal with budget and balance-of-payments deficits. And there is good reason. As the world's largest market and biggest political power, and the source of the world's reserve currency, which also serves as the measure of most commodity values, the United States is the only country that can lead in organizing cooperative moves.

It has been dilatory and negligent for a generation. The beginning of its misadventure was failure to pay for the Vietnam War with revenues, letting inflation build up instead. Then came poor management of the 1973 oil crisis and its tremendous impact on terms of trade and distribution of available funds. The banks were left to "recycle" petrodollars, higgiedy-piggedy, building up mountains of bad debt whose servicing needs further skewed trade and dried up purchasing power where it was most required.

The last seven years have added a Jerry-built structure of deregulated and speculative markets on the unregulated foundations and made the United States the biggest and most grotesque debtors' club member.

But it is not in anybody's interest to push the United States into brutal, abrupt correction of its bad habits by depression. All countries would suffer. Those U.S. foreign debts came as a result of other states' flourishing exports and capital accumulations. Their growth could not be sustained if the U.S. economy were left to falter, and the weak would simply collapse.

Unlike 1929, there is an international pool of experts who know quite well what governments must do. There are institutions to provide the forum. Decisive action is possible and it is only up to the political leaders to make the decisions that the markets are now punishing them for putting off.

The essential first step is to show at last a willingness to act together — in the United States the administration with Congress, in the world the seven leading democratic industrial countries. There have been calls in Europe for an emergency meeting of the seven, possibly at the summit but preferably among finance ministers.

But this time the ministers must do more than merely prop up currency and fiddle with budget schedules. They must proclaim what they well know — that currency, trade, debt and aid are all intimately connected and internationally interdependent — and draw the consequences.

That certainly does mean a willingness in America to cut the budget and raise taxes; in West Germany to spur growth, which would also help cut its high unemployment; in Japan to raise spending on domestic infrastructure, and very substantially, on foreign aid to the Third World. A far more schematic, overall plan is required for dealing with Third World debt so that impoverished countries can renew their import schedules and continue developing. There must be an early, clear signal that the surge toward protectionism will be stopped and that trade can be expected to expand.

All this sounds vast and complex, but the studies have already been made, the needs identified, the tools made available. They have not been used because those with responsibility have been avoiding accepting it. It is not too late, but time is running out. The politicians will not be the last to refuse to act boldly and in concert. There is no way for one party or one country to preserve an advantage. Everybody's in this together.

The New York Times

## 100, 75 AND 50 YEARS AGO

### 1887: Wild West Show

LONDON — The last week of Buffalo Bill's Wild West commences tomorrow (Oct. 24). Ever since the entertainment opened, the immense buildings at West Bromwich have been daily crowded. Altogether the exhibition may be said to have been a most successful one, and the reception given to Buffalo Bill (Colonel W.F. Cody) in his Wild West performance on every occasion showed how much it was appreciated. The Indians given a special show of their own were well received.

The troupe with conservative Republicans is that it relies heavily on the proposition that the market knows best. This is false, for the interacting product, labor and financial markets of modern capitalism are inherently highly unstable, vulnerable both to inflation and to depression.

We have been living in an era of speculation, reminiscent of the 1920s, with successful speculation inducing

further speculation. Witness the way companies have been "put into play" by takeover artists. But even as fortunes have been made on Wall Street, the economic structure and infrastructure — which depend on real investment in productive capacity — have been deteriorating. The economic structure depends on investment in enterprise, as against paper entrepreneurship. Speculation is not only an enemy of enterprise by piling on debt it can set the stage for recession.

Liberal Democrats are suspicious of the virtues ascribed to unregulated markets. They recognize that unregulated markets are likely to distribute income unfairly and are possibly dangerous to the nation's economic and ecological health. Liberal Democrats are mainly concerned about creating conditions where income from work is available to all. When government is directed to promoting enterprise, then its regulations and interventions curb speculation and help induce employment. Successful capitalism needs the help of government to create the resources upon which progress depends, to assure that the benefits of progress are spread widely and to contain the market forces that lead to depression.

The lesson from experience is clear. Conservative Republicans are soft Polyanas with regard to capitalism, and liberal Democrats are hard-nosed realists who understand the weaknesses of capitalism even as they recognize, to paraphrase Churchill, that capitalism is the worst of all economic orders until you begin to think about the alternatives.

The writer is professor of economics at Washington University in St. Louis and author most recently of a book about stabilizing the economy. He contributed this comment to The New York Times.

### 1912: Too Few Women

WASHINGTON — No wonder so many young men lead lonely lives. The Census Bureau just discovered that this country is short 3,000,000 girls — that is, there are many more men than there are women. It used to be that there were girls enough to go around, and a

lot to spare, but the latest figures show that the joyous times has passed. The Census Bureau rather believes that this condition is due to the increasing immigration and to the fact that most of the immigrants are men who do not bring women with them.

### 1937: The Pianist Bows

ATLANTA — Ross Ponselle's soprano voice rose and fell in Tchaikovsky's "Adieu Forêt." Suddenly the Metropolitan star interrupted the song and tossed back to his pianist, Stuart Ross, a hasty "You're on the wrong key." Ross replied: "No, I'm not." Then to the audience Miss Ponselle said, "Excuse me, please," and consulted with her accompanist. After a swift glance at the music board she announced triumphantly, "You've got the contralto copy." The audience joined her in laughter while Ross hurried backstage to retrieve the soprano score. The song over, the singer urged Ross from stage to take a bow. As he bowed, she tweaked his ear.

## ECONOMIC SCENE

## Trading Pulsates on Logic, Mixed Signals, Gut Fear

By LEONARD SILK

New York Times Service

**N**EW YORK — What lies in the minds and bellies of the people who buy and sell stocks these hectic days, driving the market up, driving it down and driving each other crazy? The forces are so complicated and contradictory, the normal assumption of economics, clashes with fear, the subject matter of abnormal psychology. Sophisticated judgment wars with simple prudence — and a natural desire to save one's skin.

No one can be sure which is the better guide to calling the market turn. Talk with dozen people, and one gets a dozen different reasons.

"You can't kiss a speeding locomotive," said Kenneth Zuckerbrot, a 43-year-old tax lawyer with Weiner, Zuckerbrot & Weiss in Manhattan. "Personally, I think the deficit is here to stay for a while. I'm getting into cash and short-term government bonds and into blue-chip stocks that you put away and forget about."

He added, "You have to be a lot smarter or dumber than most of us to play this market."

Not everyone is deeply disturbed by the market's violent wrenching. John C. Whitehead, the deputy U.S. secretary of state who came from Goldman, Sachs & Co., believes that the market is working out its excesses.

"I don't think all the things the media and the economists talk about — the dollar, interest rates, the budget deficit, trade and so on — have anything to do with what caused the market to fall," he said. "It's a classic case of a market overreaching itself and going through a correction."

**M**URRAY WHITERHEAD believes that President Ronald Reagan was right in assuring the nation that the economy is fundamentally sound. Many economists and business people agree. They point to the U.S. economy's five-year expansion, the low unemployment rate, the harmony between sales and inventories — and, just Thursday, the cut in the prime rate. But a growing number of economists are worrying that the market has shaken both consumers and business and will affect their spending. "I'm confused," said George Perry of the Brookings Institution. Mr. Perry was less concerned about the "wealth effect" — the direct impact of stock market losses on consumption and investment, which he thought relatively small at about \$30 billion — than about a more nameless threat to the economy's growth and stability: a widespread choking up, bordering on panic. "I bought Tuesday," he said, "and sold today."

Mr. Perry said that in so volatile a market, with heavy trading and orders backed up, it took hours for him to find out at what prices he had bought or sold. So he was trading instead in financial futures, where he could get virtually immediate execution.

It's not just economists who believe that the wealth effect on consumption — estimated by Data Resources Inc. at just 2 percent to 3 percent of the loss of stock equity — of this wild market may be worse than usual. Many ordinary citizens think so, too. Doris Simon, a 63-year-old antique dealer in Mamaroneck, New York, commented: "I just know we wouldn't have bought the summer house in Maine we got last summer if we had to buy it now."

Many consumers feel that the turmoil will chill their own buying plans. They consider it risky to buy the stocks of corporations whose earnings will be hurt if other consumers do what they expect to do themselves.

The news has never been followed so intensely as now, and much of it is worrisome. The flare-up in the Gulf, where an

See SCENE, Page 13

**Mr. Perry of the Brookings Institution cites a more nameless threat than losses: choking up.**

In the News: A Rock, a Shepherd  
Nicholas Brady: To Lead Inquiry on Stock Gyration

By Susan F. Rasky

New York Times Service

**WASHINGTON** — Nicholas F. Brady once described himself as the kind of man who likes to prove the experts wrong.

That was in 1982, after he obtained \$8 million in financing to start a newspaper-recycling company based on an ink-cleaning process that experts said would never work. The successful company was eventually sold to Media General Inc., and Mr. Brady now sits on Media General's board.

He is more widely known as a blue-chip member of the financial establishment, chairman and managing director of Dillon, Read & Co., the Wall Street investment firm that he joined in 1954. Mr. Brady's family has for years owned a major stake in Dillon, Read, which was purchased last year by Traders Corp. for \$157.5 million.

Mr. Brady, 57, may have a chance to prove the experts wrong again as he takes on the chairmanship of the three-member task force appointed Thursday night by President Ronald Reagan. The task force's mission will be to investigate the stock market gyrations of the last week and what can be done about them. So far, the experts have not reached a consensus on those problems.

A long-time friend of Vice President George Bush, Mr. Brady was appointed to the Senate in 1982 to fill the final six months of the term of Harrison A. Williams Jr., a New Jersey Democrat who was convicted in the Abscam political corruption case. Mr. Brady was regarded in the Senate as hard-working, honest and measured.

In the financial world, which he will now be studying, Mr. Brady

See BRADY, Page 11

## Robert Prechter: Guru Sees Market Going Far Higher

By Albert Scardino

New York Times Service

**NEW YORK** — For the last eight years, Robert R. Prechter has worked as a shepherd in the field of investment counseling, offering to lead an ever-growing flock toward the greenest of pastures, a Dow Jones industrial average of 3,686.

To get there would take some zig-zagging through the wilderness, he has told his 16,000 followers and anyone else who would listen, but they would arrive in the promised land in 1988.

In the nervous market of 1987, Mr. Prechter, 38, has emerged as both prophet and deity, an adviser whose advice reaches so many investors that he tends to pull the market the way he has predicted it will move. Many analysts blame a sell recommendation issued to his clients Wednesday night for touching off another wave of panic in the market Thursday morning, driving prices down 7 percent.

By the end of the day the market had recovered nearly halfway, but only after Mr. Prechter denied having warned of a possible collapse of the Dow to 1,300.

For the public, Mr. Prechter is tempering his comments. "This is a time for statesmen," he said Thursday from his office at his home on Lake Lanier in the city of Gainesville, in northern Georgia. He said the market would still go much higher before the end of next year.

On Oct. 3, with the market above 2,600, he warned his subscribers to sell out. The next day the Dow industrials fell 91 points, a record at that time.

Mr. Prechter's words carry such power because he appears to have called the broad outlines of the bull market right since 1982, although he has made some bad calls on short-term moves. Analysts who rank market newsletters have consistently rated his forecasts among the most accurate.

But as recently as early September, he was still telling his subscribers to buy stocks.

Mr. Prechter bases his recommendations on what he sees as a

See PRECHTER, Page 11

## Currency Rates

		Oct. 23								
		U.S.	DM	FF	HL	Giard.	JPY	SG	Sw.	GB
U.S. dollar	1.0000	1.0000	1.2365	1.2365	0.1264	1.2365	1.0000	1.0000	1.0000	1.0000
British pound	2.7225	2.6242	2.6165	2.6165	0.2971	2.6165	2.5114	2.5114	2.5114	2.5114
French franc	1.0849	1.0849	1.2973	1.2973	0.2973	1.2973	1.0849	1.0849	1.0849	1.0849
Swiss franc	1.0753	1.0753	1.2956	1.2956	0.2956	1.2956	1.0753	1.0753	1.0753	1.0753
Canadian dollar	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
West German mark	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
Italian lira	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
Japanese yen	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
Other currencies										
U.S. dollar	1.0000	1.0000	1.2365	1.2365	0.2973	1.2365	1.0000	1.0000	1.0000	1.0000
British pound	2.7225	2.6242	2.6165	2.6165	0.2973	2.6165	2.5114	2.5114	2.5114	2.5114
French franc	1.0849	1.0849	1.2955	1.2955	0.2955	1.2955	1.0849	1.0849	1.0849	1.0849
Swiss franc	1.0753	1.0753	1.2955	1.2955	0.2955	1.2955	1.0753	1.0753	1.0753	1.0753
Canadian dollar	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
West German mark	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
Italian lira	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
Japanese yen	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
Other currencies										
U.S. dollar	1.0000	1.0000	1.2365	1.2365	0.2973	1.2365	1.0000	1.0000	1.0000	1.0000
British pound	2.7225	2.6242	2.6165	2.6165	0.2973	2.6165	2.5114	2.5114	2.5114	2.5114
French franc	1.0849	1.0849	1.2955	1.2955	0.2955	1.2955	1.0849	1.0849	1.0849	1.0849
Swiss franc	1.0753	1.0753	1.2955	1.2955	0.2955	1.2955	1.0753	1.0753	1.0753	1.0753
Canadian dollar	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
West German mark	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
Italian lira	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
Japanese yen	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
Other currencies										
U.S. dollar	1.0000	1.0000	1.2365	1.2365	0.2973	1.2365	1.0000	1.0000	1.0000	1.0000
British pound	2.7225	2.6242	2.6165	2.6165	0.2973	2.6165	2.5114	2.5114	2.5114	2.5114
French franc	1.0849	1.0849	1.2955	1.2955	0.2955	1.2955	1.0849	1.0849	1.0849	1.0849
Swiss franc	1.0753	1.0753	1.2955	1.2955	0.2955	1.2955	1.0753	1.0753	1.0753	1.0753
Canadian dollar	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
West German mark	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
Italian lira	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
Japanese yen	1.0810	1.0810	1.2955	1.2955	0.2955	1.2955	1.0810	1.0810	1.0810	1.0810
Other currencies										
U.S. dollar	1.0000	1.0000	1.2365	1.2365	0.2973	1.2365	1.0000	1.0000	1.0000	1.0000
British pound	2.7225	2.6242	2.6165	2.616						

NYSE Most Actives						Market Sales						NYSE Index						AMEX Diary						NASDAQ Index						AMEX Most Actives					
Vol.	High	Low	Last	Chg.	Chg.	Vol.	High	Low	Last	Chg.	Chg.	Vol.	High	Low	Last	Chg.	Chg.	Vol.	High	Low	Last	Chg.	Chg.	Vol.	High	Low	Last	Chg.	Chg.	Vol.	High	Low	Last	Chg.	Chg.
Novatex	400	42	41	-1	-1	245,540,000	17,650,000	17,650,000	17,650,000	-	-	140,32	137,94	135,22	-1,12	-1,12	249	172	168	168	-1,08	-1,08	10,08	26,11	26,11	26,11	-1,08	-1,08	242,67	12,745	12,745	12,745	-1,08	-1,08	25,644
AT&T	400	42	41	-1	-1	16,950,000	16,950,000	16,950,000	16,950,000	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
Siemens	2,047	24	23	+1	+1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
General	2,047	24	23	+1	+1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
Dow 140	2381	24	23	+1	+1	280,200	280,200	280,200	280,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
IBM	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
Nissan	2,047	24	23	+1	+1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
Allegro	2,047	24	23	+1	+1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
Merrell	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
DowCh	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
Wells	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
Farmer	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
GMot	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
Dow Jones Bond Averages	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
Market Sales	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
NYSE Index	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
Fridays NYSE Closing	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
Odd-Lot Trading in N.Y.	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
Dow Jones Averages	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
Standard & Poor's Index	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
NASDAQ Index	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
AMEX Diary	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						
AMEX Stock Index	1,111	11	11	-1	-1	1,020,200	1,020,200	1,020,200	1,020,200	-	-	12,19	12,19	12,19	-1,12	-1,12	236	168	168	168	-1,08	-1,08	16,68	12,19	12,19	12,19	-1,08	-1,08	20,212						

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

## MARKETS: Dow Up 0.33 to End Trying Week

(Continued from Page 5)

Friday had shifted from trading to clearing up paperwork, analysis said.

"The market did better than people believed it would after Reagan's speech last night," said Ernie Rudner, manager of Mahon, Nugent &amp; Co.

President Ronald Reagan used his third news conference of the year on Thursday night to caution against panic on Wall Street. He agreed



## U.S. Futures

Via The Associated Press

Oct. 23

Soybeans, Soybean oil, High, Low, Open, High, Low, Close, Chg.

## Grains

WHEAT (CBT) 5,000 bu minimum-dollars per bushel

5,250 Dec. 180.1 183.4 180.1 183.4 180.1 183.4 -0.04

5,250 Mar. 181.2 182.0 181.2 182.0 181.2 182.0 -0.02

5,250 May 182.0 182.9 182.0 182.9 182.0 182.9 -0.01

5,250 July 182.9 183.4 182.9 183.4 182.9 183.4 -0.01

5,250 Sept. 183.4 184.0 183.4 184.0 183.4 184.0 -0.01

5,250 Dec. 184.0 184.5 184.0 184.5 184.0 184.5 -0.01

Est. Sales 1,550 Prev. Sales 1,607

Prev. Day Open Int. 3,554 off 813

CORN (CBT) 5,000 bu minimum-dollars per bushel

5,250 Dec. 181.1 183.0 181.1 183.0 181.1 183.0 -0.03

5,250 Mar. 182.4 182.9 182.4 182.9 182.4 182.9 -0.01

5,250 May 182.9 183.4 182.9 183.4 182.9 183.4 -0.01

5,250 July 183.4 183.9 183.4 183.9 183.4 183.9 -0.01

5,250 Sept. 183.9 184.5 183.9 184.5 183.9 184.5 -0.01

5,250 Dec. 184.5 184.9 184.5 184.9 184.5 184.9 -0.01

Est. Sales 1,550 Prev. Sales 1,550

Prev. Day Open Int. 3,554 off 813

SOYBEAN OIL (CBT) 10,000 lbs minimum-dollars per bushel

5,250 Dec. 5.245 5.320 5.245 5.320 5.245 5.320 +.03

5,250 Mar. 5.459 5.51 5.459 5.51 5.459 5.51 +.03

5,250 May 5.524 5.58 5.524 5.58 5.524 5.58 +.03

5,250 July 5.58 5.63 5.58 5.63 5.58 5.63 +.03

5,250 Sept. 5.63 5.68 5.63 5.68 5.63 5.68 +.03

5,250 Dec. 5.68 5.73 5.68 5.73 5.68 5.73 +.03

Est. Sales 1,550 Prev. Sales 1,550

Prev. Day Open Int. 3,554 off 813

SOYBEAN MEAL (CBT) 10,000 lbs minimum-dollars per bushel

5,250 Dec. 172.90 181.80 172.90 181.80 172.90 +.03

5,250 Jan. 172.90 182.00 172.90 182.00 172.90 +.03

5,250 Mar. 164.50 168.00 164.50 168.00 164.50 +.03

5,250 May 164.50 168.00 164.50 168.00 164.50 +.03

5,250 July 164.50 168.00 164.50 168.00 164.50 +.03

5,250 Sept. 164.50 168.00 164.50 168.00 164.50 +.03

5,250 Dec. 164.50 168.00 164.50 168.00 164.50 +.03

Est. Sales 1,550 Prev. Sales 1,550

Prev. Day Open Int. 3,554 off 813

LIVESTOCK

Cattle (CME) 40,000 lbs - cents per lb.

6,75 Dec. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Feb. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Mar. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Apr. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 May 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 June 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 July 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Aug. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Sept. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Dec. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

Est. Sales 1,550 Prev. Sales 1,550

Prev. Day Open Int. 3,554 off 813

Cattle (CME) 40,000 lbs - cents per lb.

6,75 Dec. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Feb. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Mar. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Apr. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 May 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 June 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 July 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Aug. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Sept. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Dec. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

Est. Sales 1,550 Prev. Sales 1,550

Prev. Day Open Int. 3,554 off 813

Cattle (CME) 40,000 lbs - cents per lb.

6,75 Dec. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Feb. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Mar. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Apr. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 May 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 June 47.75 45.30 47.75 45.30 47.75 45.30 +.08

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6,75 Aug. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Sept. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Dec. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

Est. Sales 1,550 Prev. Sales 1,550

Prev. Day Open Int. 3,554 off 813

Cattle (CME) 40,000 lbs - cents per lb.

6,75 Dec. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Feb. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Mar. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Apr. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 May 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 June 47.75 45.30 47.75 45.30 47.75 45.30 +.08

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6,75 Sept. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Dec. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

Est. Sales 1,550 Prev. Sales 1,550

Prev. Day Open Int. 3,554 off 813

Cattle (CME) 40,000 lbs - cents per lb.

6,75 Dec. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

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6,75 Mar. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

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6,75 May 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 June 47.75 45.30 47.75 45.30 47.75 45.30 +.08

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6,75 Sept. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Dec. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

Est. Sales 1,550 Prev. Sales 1,550

Prev. Day Open Int. 3,554 off 813

Cattle (CME) 40,000 lbs - cents per lb.

6,75 Dec. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

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6,75 Apr. 47.75 45.30 47.75 45.30 47.75 45.30 +.08

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6,75 June 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 July 47.75 45.30 47.75 45.30 47.75 45.30 +.08

6,75 Aug. 47.75 45.30 47.75 45.30 47.75 45

## Stock Fall Will Chase Small Investors From Market, Analysts Fear

By Bill Sing  
Los Angeles Times Service

LOS ANGELES — Stunned by the Great Crash of 1929 and its aftermath, small investors by the thousands swore off investing in the stock market and never returned. After the steep market decline of 1968-70, many small investors fled stocks. The anemic but occasionally tumultuous market of the mid-1970s left many more reluctant to participate in equities.

Now, the Great Crash of 1987, and the bear market or recession that could follow, may leave small investors so chastened that, experts fear, many may cut back or quit investing in stocks and stock mutual funds for years.

"This is going to frighten off a lot of small investors, and quite a few more, too," said the Harvard University economist, John Kenneth Galbraith. "I suspect there will be a substantially more cautious approach to investing after this."

The history of the bear market is that individuals stay out for quite a long time after," said Allen Sinai, chief economist for the brokerage firm Shearson Lehman Brothers.

A further flight of individuals from the market could have wide-ranging implications. The market has given millions a stake, both real and emotional, in the capitalist system; but if stocks remain flat, the damage to that sense of participation may be profound.

Individual U.S. investors could reduce their use of stocks in individual retirement accounts or com-

pany savings plans. Some mutual funds may founder because of too few customers. Brokerage houses likewise could suffer. On the other hand, sales of government securities, money-market funds and insurance products could benefit.

The assets of money-market mutual funds, for example, soared a record \$9.64 billion, to \$25.84 billion, in the latest week reported, according to the Washington-based Investment Company Institute.

A small-investor pullback also would continue a decades-long trend in which institutions such as pension funds have increasingly dominated stock ownership and trading, accounting for as much as three-fourths of all shares owned.

Of course, how many small investors are discouraged will depend on whether the market can rebound from its devastating losses since Aug. 26. The 289-point rally of Tuesday and Wednesday brought many back into the market searching for bargains. Several brokerages reported strong upsurges in custom buying volume on those days.

Also, analysts say, many small investors have not left the market because they have not been hurt that badly. This is because they tend to invest in stocks of smaller companies and in mutual funds, both of which have fared better than the blue-chip issues that make up the Dow Jones industrial average.

Small investors who have been in the market since 1982, when the bull market began, also may stay in, noted John Marke, director of research for the American Associa-

## Investors Sue Bear, Stearns, Alleging Firm 'Panicked'

Compiled by Our Staff From Dispatches

NEW YORK — A group of investors sued the brokerage Bear, Stearns & Co. for \$100 million on Friday, charging that the giant Wall Street firm panicked during Monday's stock market collapse. The suit is expected to be the first of many.

The plaintiffs are Pompano-Wind City Partners Ltd. and East Wind Associates Ltd., partnerships based in Boca Raton, Florida, and Stephen Lawrence, who holds a majority interest in both. In a filing in Manhattan federal court, they alleged that the brokerage "fraudulently" sold the plaintiffs' stock at the lowest prices of the day and without notifying them of margin calls. A Bear Stearns spokesman said the company would not comment.

The unprecedented crush of stock trading this week has overtaxed not only the computers that operate the major exchanges but the humans who carry out orders.

The securities industry insists it has received relatively few formal complaints and that the system is performing well under what are unprecedented circumstances. But officials admit to severe problems.

Brokerage houses, faced with as many as quadruple the usual number of calls from clients, have thrown vice presidents and secretaries into the breach to confirm orders and apologize to customers well into the evening.

The crunch apparently hit extra hard at discount brokerages, where fees are lower but no investment advice is offered and brokers often have between 300 and 400 customers each. (Readers, LAT)

## SCENE: Explaining the Irrational

(Continued from first finance page)

Iranian Silkworm missile hit a Kuwaiti installation Thursday, hurt the market. "All the news is why I'm sitting on the sidelines," said Ken Schiff, a 36-year-old real estate syndicator in Manhattan. He said that the tensions and fighting in the Middle East were "a constant."

Many people say that the U.S. economy is sound but that national leadership is weak. Some call Mr. Reagan a lame duck. Geoffrey Bell, president of Geoffrey Bell & Co., an international economic advisory concern, said he doubted that enough would be done to calm the bond, foreign exchange and stock markets.

Mr. Schiff and many others said that the U.S. government had to move to reduce the "two deficits," the budget and trade deficits. But they were not yet sure, despite the president's avowal that he was now willing to listen to Congress' budget proposals that Mr. Reagan was yet ready to compromise enough.

One point of strength in the market has been the relative stability of the dollar. Statements last week by Treasury Secretary James A. Baker 3d alarmed the market, driving stocks down. George Soros, the wealthy head of the Quantum Fund, said he was deeply troubled by news reports that Mr. Baker was planning (or allowing or threatening) to let the dollar slide if the West German government did not hold its interest rates down.

Mr. Soros considered this "utterly stupid." He hedged his bets by buying Japanese yen and other foreign currencies. But Mr. Baker sub-

sequently denied that the United States had adopted a new policy setting lower rates for the dollar against the Deutsche mark. He said that the Group of Seven agreement reached in Paris in February was still in effect. This helped to steady the market earlier this week.

Many people say that the U.S. economy is sound but that national leadership is weak. Some call Mr. Reagan a lame duck. Geoffrey Bell, president of Geoffrey Bell & Co., an international economic advisory concern, said he doubted that enough would be done to calm the bond, foreign exchange and stock markets.

That he said, would take a two-percentage-point rise in the Federal Reserve's discount rate and serious action on the budget deficit. "The end result," he added, "will be even higher interest rates in 1988 than would be necessary if decisive action were taken now. The big question then becomes whether a recession can be avoided in late 1988 or in 1989, and I am becoming increasingly pessimistic on that score."

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## SPORTS

## NFL's Regulars Are Back

Bears' McMahon, Shoulder Healed, Joins Them

By Michael Janofsky

New York Times Service

NEW YORK — Players came and went during the National Football League strike, and some teams weathered the four-week interruption better than others. San Diego, San Francisco and Washington won all three games; Kansas City, Philadelphia, Minnesota and the New York Giants lost all three.

Among the constants, besides ownership solidarity and network support, was the play of the Chicago Bears, who managed to move to a 4-1 record without the quarterback who may be better known for selling motorcycles and tacos than leading the team to a victory in the Super Bowl two seasons ago.

But when the NFL's regulars resume their careers Sunday, so will Jim McMahon, fresh off his doctor's most optimistic report. The injured right shoulder that kept him sidelined for all but six games last season has healed enough for him to return, and he expects to play Sunday in Tampa, Florida, where the Bears face the Buccaneers (3-2) for the second time since the season began.

"As far as the strength, it's pretty much the same," McMahon said the other day in Lake Forest, Illinois, where the Bears train. "It was just a question of endurance. I've thrown for three or four days now without any soreness, and that was the big problem I feel ready to play right now."

It is unlikely he will start. Coach Mike Ditka has indicated that Mike Tonzek will open the game and events would dictate whether McMahon comes in.

The shoulder has been a problem throughout McMahon's six years with the Bears. Last season, he was in and out of the lineup through 12 weeks before Charles Marin of the Green Bay Packers slammed him to the turf in a 10-12 Chicago victory, effectively ending his season. Two weeks later, he had surgery.

Since then, he has undergone rigorous rehabilitation. On Monday, Dr. Frank Jobe, who had performed the surgery, cleared McMahon to return.

**NATIONAL CONFERENCE**

St. Louis Cardinals (2-3) at New York Giants (0-5): The Giants are not quite mathematically out of the playoffs. Psychologically, it's a different story, and the Cardinals are one of the teams capable of an upset now and again. Unlike last season, when the Giants beat them twice, 13-6 and 27-7, the Cardinals have scored at least three touchdowns in every game.

## NFL PREVIEW

Dallas Cowboys (3-2) at Philadelphia Eagles (1-4): Both teams were 1-1 before the strike. The Cowboys would seem to have an advantage in that Deion Sanders and Tony Dorsett have played. But they were not enough to overcome the Redskins, a team without veterans, last Monday night. Lossing to Washington and beating New Orleans, the Eagles were fairly formless. The Cowboys will probably win.

Green Bay Packers (2-1) at Detroit Lions (1-4): Neither team won before the strike, so this appears even. If either has an edge, it's probably the Packers, with a stronger defense and the

this game will see two of the biggest money-losers of the strike in Dan Marino and Jim Kelly, the quarterbacks.

Cincinnati Bengals (2-3) at Pittsburgh Steelers (3-2): Both were 1-1 before the strike and seem close in ability. Of the two, however, the Steelers gave more indications of better things to come, their quarterback, Mark Malone, notwithstanding. By virtue of a 30-17 victory over the 49ers on opening day, the Steelers showed what's possible.

Kansas City Chiefs (1-4) at San Diego Chargers (4-1): The records are misleading because each was 1-1 before the strike and the Chiefs' victory was over the Chargers in week one, 20-13. The Chiefs have won of the last three games in San Diego.

Seattle Seahawks (3-2) at Los Angeles Raiders (3-3): The Raiders' 2-0 prestige, were the class team of the conference, having given up just a touchdown. Now, they may be even better with Bo Jackson available at running back. The Seahawks were 1-1, with a bad loss to Denver.

New England Patriots (3-2) at Indianapolis Colts (3-2): Colts Coach Ron Meyer coached the Patriots for two and a half seasons. That should help him understand why the Colts will lose.

**INTERCONFERENCE**

New York Jets (4-1) at Washington Redskins (4-1): Only a 21-20 loss to the Falcons before the strike has kept the Redskins from a perfect record, making them a story proposition for the Jets, who were 2-0 before the strike. What's more, the Redskins coaches were so impressed with their replacement team that they kept 17 players.

Arizona Falcons (2-3) at Houston Oilers (3-2): This is the first meeting of the season between two teams that have threatened to move to Jacksonville, Florida. The Oilers were 2-0 before the strike; the Falcons, 1-1.

Denver Broncos (3-1) at Minnesota Vikings (2-3): At the World Series goes to a seventh game, this game will be played between two teams that have threatened to move to Jacksonville, Florida. The Oilers were 2-0 before the strike.

MONDAY NIGHT

Los Angeles Rams (1-4) at Cleveland Browns (3-2): The regular Rams haven't won and don't figure to, here, either. With Eric Dickerson complaining (again) that he's underpaid and the offense fairly sluggish before the strike.

Of course this series has produced improbable heroes. Who would be considered probable on these teams? If he's won a monument to this World Series it would be the tomb of the unknown soldier.

The Minnesota Twins are a team best known for where they play their home games, not who plays them. Their manager, Tom Kelly, as unobtrusive as drapery, tells reporters he's boring. Should they smile sympathetically, he says: "Honestly, I'm really boring."

Who are these Twins? How

## Cardinals Scratch Out 3d Victory, Need One More



Minnesota catcher Tim Laudner preparing to tag Jose Oquendo after a squeeze play failed in the fifth inning of the fifth game. But St. Louis scored three in the sixth and won, 4-2.

By Joseph Durso

New York Times Service  
ST. LOUIS — Danny Cox, the big-game pitcher for the St. Louis Cardinals, pitched an absolutely big game Thursday night as the Cardinals swept their third straight from the Minnesota Twins and moved within one victory of winning the 84th World Series.

Cox stopped the Twins on five singles into the eighth inning, outdueling Bert Blyleven, then got re-

"He probably could go four or five innings. He can rest all winter."

Both teams had a shortage of frontline pitchers to complete the job. Tom Kelly, the Twins manager, had Blyleven and Frank Viola, who was knocked out in the fourth inning Wednesday. Herzog had Cox and John Tudor, who won Tuesday night.

Despite an 8-4 loss to Blyleven in the second game of the series, Cox was still the big-game pitcher of St. Louis, the man who beat the Montreal Expos on Oct. 1 to clinch the NL East and who beat the San Francisco Giants two weeks later to win the pennant.

Thursday, the teams sparred for four innings, with both blowing chances to score.

With one down in the home fifth, Jose Oquendo lined a single to left-center. Tony Pena, playing his run, singled to right on a 2-and-1 pitch and Oquendo went to third.

The series return to the Metro-

doms on Saturday.

The Cardinals did it Thursday with a dashing mix of base-stealing, clutch hitting, and instant stardom.

Vince Coleman stole two bases for a total of six in the series. And Curt Ford, a part-time outfielder, became the newest instant star when he singled home two runs in the sixth inning.

"Cox might come back and start the seventh game," said Whitey Herzog, the Cardinals manager.

One inning later, the Cardinals got the top of their batting order.

Coleman, who stole 109 bases this year, opened the home sixth with a slam behind first base. Hibek bobbled the ball and, from his knees, lobbed it to Blyleven at the bag. But Coleman beat the throw and was safe with a single.

Ozzie Smith then shoved a perfect bunt up the third-base line, where Blyleven reached for the ball bunched and jugged it.

Tommy Herr fled out to left field for the first out. But, on the second pitch to Dan Driessen, the sprinners pulled a double steal.

Coleman taking third unchallenged and Smith making it to second.

Blyleven walked Driessen intentionally, and the bases were loaded.

Willie McGee struck out, and then came Ford, and then Ford lined a single to center, Coleman and Smith flashed home and the crowd of 53,347 rocked Busch Stadium.

Oquendo followed with a grounder to shortstop, but Greg Gagne booted it, Driessen crossed, and the Cardinals' lead was 3-0.

St. Louis got an insurance run in the seventh when Coleman walked, advanced on a balk by reliever Keith Atherton, stole third and scored on Smith's field hit. The Twins scored in the eighth inning on a two-run triple by Gagne.

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## SCOREBOARD

## Gymnastics

## World Championships

## GAMES 5 SUMMARY

## INDIVIDUAL

## Gymnastics

## CUP WINNERS' CUP

## (Second Round, First Leg)

## Olympic Maracana 4, Holtek Spill, Yugoslavia 0

## Baseball

## World Series

## GAMES 5 SUMMARY

## INDIVIDUAL

## Gymnastics

## CUP WINNERS' CUP

## (Second Round, First Leg)

## Olympic Maracana 4, Holtek Spill, Yugoslavia 0

## European Soccer

## Hockey

## NHL Standings

## WALSH CONFERENCE

## PATRICK DIVISION

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## POSTCARD

## The New Brown Derby

By Steve Harvey  
Los Angeles Times Service

LOS ANGELES — Anthony de Pasquale of Hartford, Connecticut, spotted the Brown Derby sign at the corner of Hollywood and Vine — and immediately thought of home.

"We've got lots of Brown Derby steak houses back there, so I decided to come in," de Pasquale explained in the lobby.

"Uh, we're not associated with those Brown Derbys," a restaurateur spokesman told him.

De Pasquale stayed to have lunch anyway — and said he enjoyed it.

Most of the other customers, however, were drawn to the official opening Thursday of the relocated eatery by the memories it evoked of Hollywood's past: Clark Gable proposing to Carole Lombard in Booth No. 5 (he got a yes), the ventriloquist Edgar Bergen lurching with his dummies, and the gossip columnists Louella Parsons and Hedda Hopper ignoring each other in separate rooms.

That Hollywood Brown Derby, which opened in 1928 half a block away, shut down in 1985 when the owner, Walter Scharfe, decided that the aging Spanish-style building was "over the hill."

It was almost like old times Thursday.

The new Derby offered its trademark Cobb's salad and grapefruit cake. And many of its original numbered, black-leather booths were there while the hanging ink caricatures of more than 1,000 stars, including one of a young actor named Ronald Reagan, who wrote beside his name: "Hang me high!"

But some of the glamour was missing in the new Derby, formerly the site of a Howard Johnson's restaurant.

Celebrities were noticeably absent at the symbolic film-cutting ceremony. "John Ritter was going to stop by at lunchtime but he decided not to because of the rain," said a Brown Derby spokeswoman, Anne Ingram. She added that there was a rumor that President Reagan would call in congratulations, but that his Thursday night press conference had taken precedent.

Gawkers, however, turned out in large numbers. "A woman came up to me and asked if I was in 'General Hospital,'" said one diner, Maggie

Britt, a publisher's representative. "When I said no, she asked if I was somebody she should know."

But, even if the stars were present only in photos and drawings, the memories were enough for some.

"Seems like I spent most of my life in the Hollywood Derby — all the way back to 1938," said the retired television and radio announcer Dresser Dahlstrand. "We had a booth on the left side. You used to see everyone there."

"When I heard it was reopening I remembered the old number and called and they answered — the same number since I started coming here in 1946 — isn't that wonderful?" said Sue Clark Chadwick, a publicist for the old "This Is Your Life" television and radio shows.

"This really makes our trip," said Dorothy Mason of Rio Verde, Arizona, who spotted all the communication and stopped to have lunch with her husband, Robert.

No one was more pleased than the owner, Walter Scharfe, now that his dream of reopening the Hollywood Derby had come true. Or half true.

He said he planned to install a second floor in the shape of a derby with seating capacity for an additional 150 people.

SCHARFE, who acquired the rights to the name in 1975 and owns a Brown Derby in Pasadena, California, hopes to open more Brown Derby restaurants in Palm Springs, Honolulu and Vancouver.

He is no longer associated with the Original Brown Derby, which was built in 1926 by the restaurateur Herbert Somborn to win a bet that if you know anything about food you can sell it out of a hat.

That Brown Derby folded in 1980, and part of the hat was transplanted around the corner in a shopping center called the Brown Derby Plaza. Scharfe said his lawyers had the shopping center to change its name.

But for now, it's happy to hang his hat on Hollywood and Vine.

"This is more cheerful than the old Derby," he said. "There was no daylight in that one. Here we combine Hollywood atmosphere with sunshine and lights. What we do here in 7,000 square feet we did there in 24,000 square feet."

## Timothy Crouse, Anything Goes

By Lois Romano  
Washington Post Service

NEW YORK — Timothy Crouse stepped off the campaign bus for elections ago, and at least in political circles, he's scarcely been heard from since.

"What's ever happened to him anyway?" asks Stephen Hess, media analyst for the Brookings Institution in Washington. "His book was like a cold shower in '73. It exposed the foibles of the press corps in an incredibly high pressure atmosphere."

Crouse's book, "The Boys on the Bus," showed up 15 years ago as an unvarnished look at pack journalism on the 1972 campaign trail and quickly became a minor classic. It exposed reporter egos, pushed the premise that political journalists were basically unimaginative and generally gave an unsettling behind-the-scenes account of how the news gets from Des Moines, Iowa, to the nation's breakfast tables.

The book is still in print, with 355,000 copies in circulation, and still surfaces on high school and college reading lists. But its author, now 40, couldn't be more removed from the process.

"I get calls every four years on the book — a British television reporter wanted to come see me the other day," says Crouse, currently living in New York and working on a Broadway show. "I'm in this really funny position of not knowing anything about the subject matter any more. Every morning I eat my cornflakes and read the headlines in the Times. That's about the extent of it."

The son of the playwright Russel Crouse (his sister is the actress Lindsay Crouse) has taken on the job of rewriting and updating one of his father's biggest hits, the Cole Porter musical, "Anything Goes." His collaborator is John Weidman, a longtime friend and former Harvard roommate. Performances begin in September and the musical officially opened this week.

"I guess, in some ways, this is like a campaign," Crouse said. "Writing a musical and traveling with a campaign are both hermetically sealed enterprises. You sort of get on a plane and you don't know what's been going on in the world. And this is the plane I've been on for the last eight months."

In 1972, Crouse was commissioned by Rolling Stone to spend the year riding press planes and buses and cover the reporters who cover the candidates. His running mate in those days was another Rolling Stone writer, the Gonzo legend Hunter S. Thompson. At the time, both "alternative journalists" were more than welcome as a can of Raid at an art convention.

Crouse later turned his Rolling Stone piece into a best seller that was devoured by anyone who had anything to do with American politics.

"When Ed Muskie supposedly wept in New Hampshire, I don't think there were any television cameras there. I don't remember ever seeing a clip of this — it was just a bunch of guys and their subjective opinions. I remember arguments. It's very different today. Joe Biden said something that just was not refutable."

Dudley M. Brooks/The Washington Post  
Timothy Crouse

No one argues that "The Boys on the Bus" changed presidential campaign coverage significantly, but it did create an awareness some might have preferred to ignore.

Having a reporter covering reporters "took the fun out of presidential campaigns, in the way that Donald Segretti took the fun out of dirty tricks," says Robert Squier, a political consultant. "After that you never knew what was writing about what."

Crouse says he hasn't seen much change in campaign coverage. One of his criticisms in the book was how political journalists heisted to hand in news stories that differed substantially from those of their colleagues. He concedes that he "can't imagine reporters in '72 covering Gary Hart the way they did this year," but he believes the change has more to do with the post-Watergate mentality than with increased individual enterprise.

Another comment on changes since 1972 involves technology. "There is more information on tape, which is easily retrieved, and it now can be someone's undoing, as in Biden's case," he says, referring to the borrowed rhetoric that helped to knock Senator Joseph R. Biden, a Democrat of Delaware, out of the presidential sweepstakes.

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Crouse has readied himself for the kind of critique of his work that has made of others' work. But one of his toughest critics, he reports, has given the play a nod: his mother, Anna Crouse.

"She liked it a lot," Crouse says. "If there were problems, I certainly would have heard about them."

For a few years following the book, Crouse wrote a column on politics and the media for Esquire, then did more work for Rolling Stone. After that, he retreated to Gloucester, Massachusetts, to decide on a different career path.

Crouse says he's had an interest in "Anything Goes" since he was a youngster. "It was something in my father's trunk that meant a lot to me. I saw a revival of it when I was 13 and that's a dangerous age for something like this. It made an impression on me."

He remembers the elder Crouse telling him, how, when "Anything Goes" opened in Boston in 1934, he stood outside the theater and advised his friends not to go in. "The point of the story is that my father and Howard [Lindsey, Russel Crouse's longtime collaborator] were the most painstaking craftsmen in the world. They prided themselves on that. They spent months and months getting the dialogue just right. They couldn't stand having an extraneous line in the show. And this was really thrown together so fast that they knew that the last scene on the train to Boston."

Five years ago, Crouse decided to put his spin on the musical and contacted Weidman. The two men have worked it off and on, reaching peak intensity a few months ago.

Since then they've been sequestered in various rooms and apartments trying out funny lines on each other 10 hours a day. Weidman says that despite Crouse's familial connection to the work, "he's never pulled rank" on him.

After the show went into a pre-opening production last month, Crouse and Weidman began going to see at least one of the two performances a day. Often, they were simply trying to see if the audience was laughing at their lines.

"Not having any reaction at all is a strong reaction," says Crouse.

"It's a loud sound," says Weidman, a former editor of *National Lampoon*.

"And then back to the room they went. The characters are essentially the same," Crouse says of the rewrite. "The story is not quite the same. There is more emphasis on the romance."

"It's in no way an update," says Weidman.

"What we tried to do is take a 1930s show, set solidly in the 1930s, and use all of the devices that have come along since then. I think from the script we have a 1930s play. But back then it took three and a half hours and now it runs two and a half."

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"She liked it a lot," Crouse says. "If there were problems, I certainly would have heard about them."

## PEOPLE

## Jockey Jailed in Tax Case

Lester Piggott, the former champion jockey, was sentenced to three years in jail on Friday after pleading guilty to evading income tax on £3.1 million (about \$5.1 million) of earnings. A successful trainer since retiring from racing in 1985, Piggott, 51, was sentenced at Ipswich Crown Court, where Anthony Hinden, the prosecutor, said the case involved a "massive evasion of corporation and income tax over a period of more than 10 years." The judge, Sir Donald Farquharson, said he could not overlook deliberate failure to report revenue when less affluent taxpayers were paying their taxes in full. Piggott, who rode about 5,000 winners around the world during a 38-year career and amassed a record 29 victories in the English Classics, had escaped prosecution during two previous Inland Revenue investigations after agreeing to repay the money he had not declared.

Employees and their publication of his photographs would be a breach of copyright.

Thirty paintings by Noel Coward went on show in London Thursday. The pictures, mostly colorful landscapes and marine views such as "The White Cliffs of Dover" and beach scenes in England and Jamaica where he had a vacation home, will be sold in London Feb. 18 to benefit theatrical charities. Auctioneers Christie's said they expect to raise nearly \$500,000. Graham Payn, Coward's friend and executor, said the playwright had advice from several artist friends and he always painted indoors from memory. "Noel tried painting outdoors once at St. Margaret's Bay in Kent, but he couldn't stand the wind and the rain," Coward, who was 73 when he died in Jamaica in 1973, didn't sell his paintings, but gave some away as gifts. Payn said that after the February sale, he will distribute the Coward works he has retained among theatrical museums in Britain and the United States.

Judge Hans Rovner ruled in Chicago that a New Jersey firm cannot use the name, likeness or signature of the late Norman Rockwell, perhaps the most popular artist in America, on collectibles it markets.

Edmund Zangg, the president of the Grenadiers, was advised of the strings attached: Their mugs — vintage 1750, modified in 1822 — will be allowed into Japan only without the firing mechanism, including the triggers. And canons used for salutes at the end of a ceremony would have to be welded shut. "They refused to take our arms as museum pieces so we won't," Zangg said.

The Church of Scientology on Thursday lost its second bid to block publication of a biography of the movement's late founder, L. Ron Hubbard. The Court of Appeal in London upheld a lower court ruling that the movement's attempt to block "Bare-Faced Messiah" by Russell Miller were "mischievous and misconceived."

The Scientologists claimed that diary and letter extracts in the book were obtained through a breach of confidence by one of their former em

ployees and that publication of the

photographs would be a breach of copyright.

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used for salutes at the end of a

ceremony would have to be welded

shut. "They refused to take our

arms as museum pieces so we won't,"

Zangg said.

Michael Jackson has opted

for the Great Wall of China rather

than the Great Australian Outback, his Sydney agent said Friday.

Jackson, currently in Hong Kong, had scheduled a 12-day outback

holiday before beginning his con-

cert tours of Australia and New

Zealand next month. However, the

29-year-old singer informed his

Sydney agent Gaynor Jackson that he had accepted an invitation to

visit China instead.

The Global  
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